REAUTHORIZATION HEARING ON THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON EDUCATION AND LABOR

AND THE

SUBCOMMITTEE ON ENERGY CONSERVATION AND POWER

AND THE

SUBCOMMITTEE ON FOSSIL AND SYNTHETIC FUELS

OF THE

COMMITTEE ON ENERGY AND COMMERCE

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 27, 1986

Serial No. 99-104

(COMMITTEE ON EDUCATION AND LABOR)

Serial No. 99-88

(COMMITTEE ON ENERGY AND COMMERCE)

Printed for the use of the Committee on Education and Labor and the Committee on Energy and Commerce

U.S. GOVERNMENT PRINTING OFFICE
61-115 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H361-59

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REAUTHORIZATION HEARING ON THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

THURSDAY, FEBRUARY 27, 1986

House of Representatives,
Subcommittee on Human Resources,
Committee on Education and Labor,
and
Subcommittee on Energy Conservation and Power,
Subcommittee on Fossil and Synthetic Fuels,
Committee on Energy and Commerce,
Washington, DC.

The joint committee met, pursuant to call, at 10 a.m., in room 2261, Rayburn House Office Building, Hon. Dale E. Kildee (chairman of the Subcommittee on Human Resources) presiding.

Members present from the Subcommittee on Human Resources: Representatives Kildee, Tauke, and Bruce.

Members present from the Subcommittee on Fossil and Synthetic Fuels: Representatives Sharp, Dannemeyer, and Whittaker.

Members present from the Subcommittee on Energy Conservation and Power: Representatives Leland, Sikorski, Moorhead, Wyden, and Nielson.

Staff present from the Subcommittee on Fossil and Synthetic Fuels: Mr. Walek, counsel.

Staff present from the Subcommittee on Human Resources: Carol Lamb, minority legislative associate.

Mr. Kildee. The hearing will come to order.

The Subcommittee on Human Resources meets this morning with the Subcommittee on Fossil and Synthetic Fuels and the Subcommittee on Energy Conservation and Power for a joint hearing to look at the Low-Income Home Energy Assistance Program [LIHEAP].

The Congress has long been concerned with the impact of high energy costs on the poor and those living on fixed incomes. LIHEAP, as we now know it, is an outgrowth of a number of programs to help low-income families deal with rising energy costs. Many of the early programs were administered by the then Community Services Administration under the auspices of the Economic Opportunity Act.

I have often stated in hearings of this subcommittee that the Subcommittee on Human Resources has under its jurisdiction programs designed to serve and help the most vulnerable people in our society. This subcommittee has under its jurisdiction programs for the young, the old, and the poor, those who generally need government most, and those who generally are not able to interface with government as well as some of the more powerful elements in our society.

This program demonstrates that. We find people out there who are trying to get by and very often have very great difficulty in just heating their homes in the wintertime.

Just yesterday morning a 77-year-old woman living in Montrose, MI, in my county, sought assistance. Her income is $383 a month from SSI, and last year just during the winter months her heating bill was $340. After paying her rent and utility bill, she has $123 a month for all other expenses. That person certainly is very vulnerable. That person certainly is under the deep consideration and concern of this subcommittee. She is eligible for no other type of assistance program from any other source. Under the Michigan LIHEAP Program, she will be getting, however, a refundable energy tax credit of $145 to put toward her utility costs, and that will help some.

This is a modest program, certainly not a program that's going to break the budget, not a program that would even cause a minor blip on the computer over in the Pentagon where they're trying to find dollars for their programs, and which they have been doing quite successfully for many years.

I tell people that all of Cap Weinberger's new dollars came from two sources, from filching them from other programs or from borrowed dollars. This subcommittee is very concerned to make sure that he doesn't filch dollars from programs under the jurisdiction of this subcommittee. It's a very, very important program.

We have with us the chairman of the two subcommittees, one here already, Chairman Phil Sharp. Chairman Sharp.

Mr. **Sharp**. Thank you very much. I'm delighted to be here and work with you, Mr. Chairman, on this program that remains critical; and I hope that people will understand that it's going to remain critical for the foreseeable future.

The improvement in energy prices in the country, which has already begun as the prices have begun to filter downward and we hope is going to continue, is nonetheless going to leave many, many Americans still in the situation in which they cannot hope on their very limited budgets to cover their heating costs and the food costs and the whole range of things that it takes to live in our society today. So that I hope that the euphoria that I sometimes see in the media and hear, and all of us share in the happiness of the lower energy prices in the country, has not become an excuse for failing to meet needs that have never been met at any point at any time under this program; and everybody has understood that who has ever examined the problem.

So I just hope that's not going to become an excuse that suddenly allows us to diminish the efforts in this country. I also think we ought to all be aware, very much aware, and advised that if oil prices should drop as low as $15 a barrel on an average in this country, which they certainly have not at this point, that there's no reason to believe that 6 months later or 2 years later or 4 years later those prices are not going to be back up again.

So the energy markets are probably going to remain volatile, and I just want to reemphasize the work you and others have been doing to try to keep a strong program in very tough fiscal times for the Federal budget.

Mr. **Kildee**. Thank you very much. I recognize Congressman Tauke from Iowa. I was out in his State just 2 weeks ago, I think it was, and the weather was quite cold out there. So I'm sure we'll find great support.

Mr. **Tauke**. Well, thank you, Mr. Chairman; and it does seem that every time that I have been in the State this January and February, it has managed to hit at least 20 below in the morning. I think that that demonstrates for our part of the country the need for a strong, low-income assistance program for home heating.

At the same time, we obviously are making some very difficult choices in the budget. Over the last few weeks, as I have spent many hours in meetings on the budget, I have been compelled, along with some of my colleagues, to make choices that are not very pleasant.

When we look at this program and see a request from the administration for even levels of funding, it's one area where I wonder if the administration has requested more than it should have. This program and defense, I think, are the only two that I raise that—foreign aid—are the three that I raise the question. But the fact is that costs for home heating have dropped substantially over the last several months and can be expected to drop more; and, with the settlement of the *Exxon* case, we expect to have several hundred million dollars moving to the States for these kinds of programs.

Under those circumstances, I wonder if it makes sense to continue this level of funding for this program, which will be amply supplemented from other sources, when we are going to be making tough cuts in other areas. I think that's a question that has to be addressed, and it doesn't in any way suggest diminished support for the program.

I want to make certain that services to the people in Iowa and elsewhere in the Nation increase, but it may be that those services will be able to increase substantially without an increase in the level of funding for the program because of money coming from other sources and lower costs.

So it will be an interesting exercise that we will go through as we attempt to look at what funds are available and attempt to determine how we can improve this program, serve as many people and more than we have served in the past, and yet at the same time hold the costs down.

Thank you, Mr. Chairman.

Mr. **Kildee**. Thank you very much.

Mr. **Tauke**. Oh, Mr. Chairman, I do want to say one other thing. I have not been on the two energy subcommittees, over in Energy and Commerce over the last year; and they have rejoiced, but I miss them a great deal. It certainly is nice to rejoin them for this hearing.

Mr. **Kildee**. Congressman Leland from Texas.

Mr. **Leland**. Thank you very much, Mr. Chairman.

Mr. Chairman, I will not be able to stay for very long, but I did want to just come and make a statement.

I'm pleased that we have an opportunity this morning to discuss the Low-Income Home Energy Assistance Program. Even as energy prices begin to decline on the world market, many American consumers still need assistance in meeting the cost of basic energy needs.

One thing that is certain about the energy industry is that nothing is certain. As recently as 2 or 3 years ago, no one was predicting a steep decline in energy prices that we have witnessed over the past few months.

I might say, Mr. Chairman, that that is a mixed blessing for me, because I indeed represent Texas in the Congress, or at least one portion of Texas. And while in my history I've been a consumer advocate, it's rather difficult to realize any kind of happiness at this moment, because at the same time consumer prices are going down for the cost of gas and oil, too, and their ancillary products, at the same time we are losing many thousands of jobs. So indeed it is a mixed blessing for me.

Only the bravest or the most foolish among us dare to predict what the market in energy will look like next winter, much less over the next 5 to 10 years. In light of that uncertainty, we in Congress must redouble our commitment to basic affordability and availability of energy for all Americans, including those at the bottom rung of the economic ladder.

We particularly must ensure that our commitment to weatherization programs does not wane in these days of lower energy prices. Weatherization, Mr. Chairman, weatherization programs, that is, make good economic sense in terms of lower energy costs and good common sense in terms of less energy waste.

Mr. Chairman, before concluding, I would like to note that I am particularly concerned about the formula used in determining assistance to the various States. I will continue to work, as I have in the past, to ensure that the Sun Belt States, including my home State of Texas, are treated fairly under any allocation scheme.

Thank you, Mr. Chairman. I look forward to the testimony of the witnesses.

Mr. KILDEE. Thank you, Congressman Leland. Congressman Dannemeyer.

Mr. DANNEMEYER. I'll pass, Mr. Chairman.

Mr. KILDEE. Mr. Moorhead.

Mr. MOORHEAD. Thank you, Mr. Chairman. I want to thank the chairman for holding this hearing. It provides us an opportunity to receive an update on the Low-Income Home Energy Assistance Program. This program was established in 1981 to assist low- and fixed-income families pay their home energy bills.

As you know, in 1984 Congress adopted a new formula which I sponsored for distribution of low income home energy assistance funds to the States. I sponsored that formula change so that the program would provide financial assistance to those Americans truly in need of such assistance, and so that discrimination against large areas of the country would cease.

This hearing provides an opportunity to hear about the implementation of that new formula. I also would like to take this opportunity to commend the administration's policy on low-income family energy expenditures. In spite of their budget constraints, the administration has proposed no cuts in the funding of low-income home energy assistance programs in fiscal year 1987.

Furthermore, the administration's free market energy policy has caused natural gas and home-heating bills to drop substantially. Thus, the administration's fiscal year 1987 budget request represents in real terms an increase in administration commitment to alleviating the energy expenses of the poor.

Mr. KILDEE. Thank you, Mr. Moorhead.

Mr. Markey, I think, will be here later, but has an opening statement to submit into the record at this point. The Chair notes the presence of a former Michigan colleague in the Congress here, former Congressman Bill Broadhead. Welcome here.

[The opening statements of Hon. Edward J. Markey and Hon. Phil Sharp follow:]

Opening Statement of Hon. Edward J. Markey, a Representative in Congress From the State of Massachusetts

TODAY WE ARE EXAMINING A PROGRAM ON WHICH THE HEALTH AND WELFARE OF MANY AMERICAN FAMILIES DEPENDS. THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM IS A CRITICAL PART OF THE NATION'S TATTERED SAFETY NET FOR POOR HOUSEHOLDS.

HOWEVER, THIS NET IS SMALL AND THE THREADS ARE VERY THIN. THE FACT IS THAT MOST FAMILIES ELIGIBLE FOR THIS PROGRAM NEVER RECEIVE ANY HELP. THERE ARE THREE PRIMARY REASONS FOR THIS UNFORTUNATE SITUATION.

FIRST, FUNDING HAS NEVER BEEN SUFFICIENT TO SERVE THE 22 MILLION ELIGIBLE HOUSEHOLDS. CURRENT APPROPRIATIONS ARE ONLY ABOUT $2 BILLION. YET, IF EVERYONE ELIGIBLE WERE TO RECEIVE THE AVERAGE AMOUNT PROVIDED BY EACH STATE TODAY, THIS WOULD REQUIRE A FEDERAL APPROPRIATION OF NEARLY $5 BILLION.

SECOND, IT IS VERY DIFFICULT TO REACH ELIGIBLE HOUSEHOLDS WHO HAVE NOT ALREADY IDENTIFIED THEMSELVES THROUGH AFDC OR SSI. YET THIS IS FUNDAMENTAL TO RUNNING A FAIR PROGRAM. THE WORKING POOR AND THE NONWELFARE ELDERLY CONSTITUTE THE MAJORITY OF ELIGIBLE HOUSEHOLDS. THEY NEED ENERGY ASSISTANCE AS MUCH, IF NOT MORE, THAN THOSE RECEIVING WELFARE. MANY ADMINSTRATORS HAVE TENDED TO TAKE THE EASY ROUTE BY SIMPLY SENDING ASSISTANCE TO PEOPLE WHOSE NAMES AND ADDRESSES ARE ALREADY IN THEIR COMPUTERS. BUT IN THIS CASE, ADMINISTRATIVE SIMPLICITY CAN EXCLUDE THE MAJORITY OF THE INTENDED BENEFICIARIES OF LIHEAP.

THIRD, EVEN THOSE WHO GET ASSISTANCE ACTUALLY RECEIVE, ON AVERAGE, ONLY ENOUGH TO COVER ABOUT 45 PERCENT OF THEIR HEATING BILLS, NOT TO MENTION THE REST OF THEIR HOME ENERGY COSTS. THESE FAMILIES FIND THEMSELVES, IN EFFECT, DROWNING IN A RAGING RIVER, BUT WHEN THE FEDERAL GOVERNMENT ARRIVES TO HELP THESE DROWNING FAMILIES, IT DOESN'T PULL ANYONE ASHORE. IT DOESN'T EVEN THROW THEM A LIFE RING. IT THROWS THEM HALF A LIFE RING, AND EXPECTS THESE FAMILIES TO FIND THE OTHER HALF OUT THERE IN THE RAPIDS.

IN 1984, CONGRESS REAUTHORIZED THIS PROGRAM FOR THREE YEARS. FOR FY 1986, WE AUTHORIZED $2.275 BILLION, BUT APPROPRIATED ONLY $2.1 BILLION. THIS WAS SUBSEQUENTLY REDUCED BY THE FY 1986 GRAMM-RUDMAN CUTS TO $2 BILLION. NEVERTHELESS, THOSE OF US WHO HAVE FOUGHT FOR THIS PROGRAM ARE PROUD THAT THESE LEVELS HAVE

BEEN MAINTAINED OVER THE VIGOROUS OPPOSITION OF THE ADMINISTRATION. THE PRESIDENT TRIED TO CUT THIS PROGRAM BY 24 PERCENT IN 1982, BY 31 PERCENT IN 1983, BY 34 PERCENT IN 1984, AND BY 10 PERCENT IN 1985.

THEN, FOR FY 1986, THE PRESIDENT TRIED TO SHIFT 38 PERCENT OF THE FUNDING--$800 MILLION--FROM REGULAR APPROPRIATIONS TO TRUST FUNDS HELD IN ESCROW FOR CONSUMERS WHO WERE THE VICTIMS OF OIL OVERCHARGE VIOLATIONS. THIS SOURCE IS VERY UNRELIABLE, SINCE THERE IS NO REQUIREMENT THAT ANY OIL OVERCHARGE FUNDS BE SPENT ON LIHEAP.

GIVEN THIS HISTORY, I AM PLEASANTLY SURPRISED AT THE ADMINSTRATION'S REQUEST FOR FY 1987. FOR THE FIRST TIME SINCE THE PRESIDENT TOOK OFFICE, HE HAS NOT ASKED FOR A CUT. TAKING INFLATION INTO ACCOUNT, THE REQUEST OF $2.1 BILLION WILL PROBABLY KEEP THE PROGRAM FROZEN FOR FY 1987.

I MUST SAY THAT I AM PUZZLED BY THIS TURN OF EVENTS, BUT I'M NOT COMPLAINING. I HOPE WE HEAR TESTIMONY TODAY FROM THE ADMINISTRATION WHICH DEMONSTRATES A NEW UNDERSTANDING AND SENSITIVITY TO THE DESPERATE PLIGHT OF THE POOR. IF THIS BEGINS TO TAKE ROOT AT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, MAYBE HHS CAN BEGIN TO INFLUENCE THE DEPARTMENT OF ENERGY. YESTERDAY I WAS SHOCKED TO LEARN THAT NOT ONLY IS DOE ASKING FOR ZERO FUNDING FOR LOW INCOME WEATHERIZATION IN FY 1987, IT IS ABOUT TO ASK CONGRESS TO RESCIND ALL FUNDING FOR WEATHERIZATION FOR FY 1986. IF THAT PROPOSAL EVER SUCCEEDS, IT WILL SIMPLY PUT GREATER PRESSURE ON THE SAME POOR FAMILIES WHO CURRENTLY RECEIVE LIHEAP ASSISTANCE.

FINALLY, I NOTE THAT THE WITNESS WHO REPRESENTS THE AMERICAN ASSOCIATION OF RETIRED PERSONS, MR. DAN TOBIN, OBJECTS TO THE CURRENT TALK OF AN ENERGY TAX, PARTICULARY AN OIL IMPORT FEE, BECAUSE OF ITS REGRESSIVE IMPACT ON THE POOR AND ELDERLY. MR. TOBIN IS FROM MALDEN, MASSACHUSETTS WHICH MEANS HIS VIEWS ARE LISTENED TO VERY ATTENTIVELY BY THIS PARTICULARLY CONGRESSMAN. BUT MR. TOBIN AND I ARE NOT THE ONLY ONES CONCERNED ABOUT THE IMPACT OF AN OIL IMPORT FEE. FORTY STATES WOULD BE HURT BY AN OIL IMPORT FEE, AND EVEN IN THOSE FEW STATES THAT WOULD BE NET WINNERS, THE POOR AND ELDERLY WOULD SUFFER.

I LOOK FORWARD TO HEARING FROM THE WITNESSES, AND TO ENSURING THAT THIS IMPORTANT PROGRAM REMAINS AN EFFECTIVE AND FAIR BULWARK AGAINST POVERTY. THANK YOU.

OPENING STATEMENT OF HON. PHIL SHARP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

I am glad that the three subcommittees that have worked together on the Low-Income Home Energy Assistance in the past are able to today continue that cooperative effort in support of a program that we all consider to be important to the health and welfare of our nation's poor and elderly

Today's hearing is designed with two purposes in mind:

- To review the impact the amendments Congress made in 1984 have had on the Low Income Home Energy Assistance Program, and

- To ascertain what level of funding is appropriate for the reauthorization of this program.

When we passed the 1984 Amendments Congress was concerned, first and foremost, with the continued reports of the poor and the elderly increasingly being faced with utility bills they could not pay. The reasons for this were inadequate funding and, in some cases, State regulations that discriminated against elderly and working poor who did not receive other forms of social welfare assistance.

The Committees had heard testimony on a minimum need level of $3.5 billion. The amendments provided $2.14 billion in FY 85 and $2.275 in FY 86, authorization levels far short of the need. As we are all aware, oil prices have dropped precipitously in the past three months, yet people are still calling my Indiana office, asking how they can keep their heat from being shut off

Indiana is not an isolated example.

Until this year, the Administration's budget request for this program has been either suprisingly low, or subject to payment of oil overcharge funds. I am happy to see that this year, even in the face of Gramm-Rudman constraints, the request was for a level of funding equal to last year's appropriation prior to the Gramm-Rudman sequestration.

In addition to increasing the funding level, the 1984 amendments made several changes that have been put into effect only recently. This hearing represents the first opportunity that our subcommittees have had to look at the implementation and impact of these changes. I look forward to hearing our witnesses impressions of these changes.

Mr. **Kildee**. Our first witness here this morning, unless there's further opening statements——

Mr. **Tauke**. Mr. Chairman——

Mr. **Kildee**. Mr. Tauke.

Mr. **Tauke**. Mr. Chairman, it has just come to my attention, amplifying upon what I said earlier, that today Exxon must place in escrow some $2 billion which the Treasury must distribute to the States 10 days from now.

The State of California, for example, will receive $194 million. The State of Texas, Mr. Leland, will receive $156 million. My State of Iowa——

Mr. **Leland**. Did you say the State of Texas and Mr. Leland?

Mr. **Tauke**. My State of Iowa receives a mere $27 million. But this money must be used for conservation and low income assistance programs, and I think it's something that we clearly need to take into account as we consider funding for this program.

Mr. **Kildee**. Thank you, Mr. Tauke.

Our first panel this morning, witness, is Jo Anne B. Ross, Associate Commissioner for Family Assistance, Social Security Administration, Department of Health and Human Services. We welcome you here this morning.

TESTIMONY OF JO ANNE B. ROSS, ASSOCIATE COMMISSIONER FOR FAMILY ASSISTANCE, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. **Ross**. Thank you, Mr. Chairman. I have with me Norm Thompson, Director of the Office of Energy Assistance, and both Norm and I are pleased to appear before you today to discuss the Low-Income Home Energy Assistance Program. LIHEAP is in its 5th year of operation as a block grant program, and it's working exceedingly well.

States are doing a good job of using the flexibility provided them to develop programs which meet their needs. I'd like to take just a moment to tell you a little bit about what States are doing with their LIHEAP funds. Most of the information comes from our latest annual telephone survey, covering fiscal year 1986.

In fiscal year 1986, States will use about two-thirds of their LIHEAP funds for heating assistance. About 7 million households will be served with heating assistance this year. The amount of benefits paid varies widely, both among States and within States, according to income, fuel costs, and other factors. We estimate that the average LIHEAP heating assistance benefit will be about $200.

In addition, all States run some sort of crisis assistance program and plan to spend a total of $196 million, or about 9 percent of their LIHEAP funds, for this activity, serving almost 1 million households.

In addition, 12 States expect to provide summer crisis or cooling assistance during fiscal year 1986. They expect to spend about $37 million for these activities.

LIHEAP is also a major source of funds for weatherization. Under current law, States may use up to 15 percent of these funds for weatherization and other energy-related home repair. In fiscal year 1986, 49 States will use over $200 million for this purpose.

Since fiscal year 1982, States have used almost $1 billion in LIHEAP funds for weatherization-related projects, and have made improvements to 1.5 million dwelling units.

Finally, as you are aware, States may transfer up to 10 percent of their LIHEAP allotments to other Health and Human Services block grant programs. In fiscal year 1986, 30 States expect to transfer $91 million to other block grants, primarily Social Services. States also have the option of transferring funds from the Social Services and Community Services block grants into the LIHEAP Program, but, to date, no State has exercised this option.

In short, Mr. Chairman, LIHEAP serves many different kinds of individuals in a number of ways. This diversity is the key to the success of the program and has been made possible by the block grant approach. This approach has proven important in the area of energy assistance because the population needing assistance, weather conditions, program administration, and even energy costs vary substantially from State to State.

The block grant approach has proven highly successful in giving States the flexibility to respond to differing needs while maintaining sufficient Federal control to ensure effective use of program funds. Over the past 4 years, we have conducted on-site reviews of more than 40 States' energy assistance programs. These reviews have demonstrated to us that States are using the flexibility given in a responsible manner.

Therefore, we are recommending that the Congress reauthorize the program, with minor refinements, for a 3-year period. For fiscal year 1987, we are requesting a funding level of $2.1 billion for LIHEAP, the same level that we requested for fiscal year 1986. This level would also be authorized for fiscal years 1988 and 1989. This request reflects the President's pledge to continue to provide essential low-income energy assistance funding while meeting the Gramm-Rudman-Hollings deficit reduction targets. This funding level will provide sufficient resources to continue serving the more than 7 million households that will get help with their energy bills from this program.

Under a 3-year reauthorization of the LIHEAP block grant, States will have the flexibility to modify their programs as changing situations demand and will be able to institute plans for a 3-year period.

The program refinements we will recommend are aimed at giving States enhanced flexibility in designing their energy assistance programs. I would like to describe the major changes we will be recommending.

We will propose removing the current 15-percent limitation on the amount of energy assistance block grant funds that a State may use for weatherization and energy-related home repair. Establishing a balance between providing immediate help with energy bills through cash payments and investing in long-term improvements in energy efficiency is a fundamental decision in this program, and a decision we believe should be left to the States to make.

We will also propose to add language to the LIHEAP statute regarding coordination of LIHEAP with other public programs that provide help with energy costs. The statute currently requires

States to pay the highest level of benefits to those households who have the highest energy costs and the lowest income for their family size. We propose to add receipt of other public assistance specifically for home energy costs as a third criterion which States must consider in setting LIHEAP benefits.

This change would improve the program in three ways: First, it would underscore the fact that LIHEAP is designed in large part to supplement other basic-needs programs. There are a number of publicly funded energy assistance programs in existence, and we believe Federal policy should foster coordination among them.

Second, our proposal would help achieve more equity in the distribution of energy assistance benefits. For example, the Federal Government pays two-thirds of the heating bill for many public housing tenants. If we add an average LIHEAP benefit to that amount, the Federal Government has paid the entire bill, or in some cases more than the entire bill.

Third, this change would actually increase flexibility for many States. Under current law, a number of States have been thwarted by court action in their attempts to coordinate LIHEAP and other public energy assistance, particularly that provided by housing subsidy programs. This proposed change would provide those States with a firmer statutory base to achieve this needed coordination without imposing on them a specific federally mandated method for accomplishing this objective.

Our reauthorization proposal also will propose two changes to the section of the statute on State application requirements. The Human Services Reauthorization Act of 1984 added four required assurances plus four additional plan requirements. Our experience with these changes over the past 2 years indicates that there has been some confusion about these requirements.

Several of the assurances which States must now address in their plans are really descriptions of plan requirements, and thus provide no new information. Several overlap, either with other assurances or with the plan requirements.

We propose to delete duplicative provisions and reorganize the assurances and plan requirements, without adding or deleting any substantive requirements now in law. This proposal would enhance public oversight of LIHEAP by encouraging more readable State plans. It would also simplify the preparation of plans by States and facilitate our review of these plans without detracting from their substantive content.

We also propose to delete the section which requires States to include in their annual applications estimates of energy use and average costs by fuel type and region of the State. We have found this provision to be burdensome to States and of little use at the Federal level because the data is not uniform and, therefore, not comparable among States. We in the Office of Family Assistance rely on data collected by the Department of Energy's Energy Information Administration for the statistical information we need. We believe it would be more cost effective to continue this practice than it would be to impose uniform Federal statistical requirements on States.

Our proposal would recognize in statute agreements made between States and Indian tribes relating to the set-aside of funds from State allotments for direct grants to tribes. This provision would recognize the importance of such agreements in achieving better coordination between State LIHEAP programs and the programs run by the 120 tribes and tribal organizations which receive direct LIHEAP funding.

This concludes my prepared statement. I will be happy to answer any questions you have.

Mr. KILDEE. Thank you very much for your testimony.

It's been suggested that the dropping oil prices which we are experiencing now will reduce demand for LIHEAP services and, therefore, the appropriation for this program could be reduced. I, obviously, don't agree with that assertion, but do you agree with that assertion? Do we have any evidence that would conflict with that?

Ms. ROSS. At the time that the administration was putting together the budget, we didn't anticipate, as I think no one anticipated, the large or speedy decrease that would occur in energy prices. At the same time, we didn't anticipate the timing of the award of the Exxon funds. So we did not factor those things into our budget request. At the current time, we do not have plans to do so. But our feeling is that, if Congress deems it appropriate to take these factors into account, then it should.

Mr. KILDEE. How about households in the past years that meet the criteria for LIHEAP assistance but that have not been served? Could we not serve more eligible households with this level of funding?

Ms. ROSS. We could serve more eligible households, to answer the first part of your question. Based on the telephone survey we did in January, we estimate that the LIHEAP program is going to serve about 7.3 million households in fiscal year 1986. That represents about 31 percent of the estimated total eligible population of 23.4 million households across the country.

Mr. KILDEE. That's one-third of the eligible population?

Ms. ROSS. It's about one-third. To give you some comparative information, that's the number of households that are eligible under the maximum Federal requirements of 150 percent of poverty or 60 percent of the State median income. Many States, however, as you are well aware, set their eligibility requirements lower than the Federal maximum. So that 7.3 million represents about 50 percent of the households eligible under the stricter State criteria.

That is comparable to other programs. For example, in the Food Stamp Program, roughly 65 percent of the eligible population receives food stamps. So it's not uncommon in a public assistance program to have more people eligible for the program than are served.

Mr. KILDEE. But this program is below the percentage level for food stamps?

Ms. ROSS. It is below. Based on the State criteria, it's 50 percent versus 65 percent for the Food Stamp Program.

Mr. KILDEE. Versus 65 for food stamps. Right.

Chairman Sharp.

Mr. SHARP. Well, thank you, Mr. Chairman. That was one of my questions, and I'm delighted you asked it. The other is: Can you tell us on average—and I realize you have to use an average because of the differential among States in areas—what that $200 represents as a payment of the energy to the average household.

Ms. Ross. Yes.

Mr. **Sharp**. What does your data indicate is the average energy cost during a year under which they would get the $200?

Ms. Ross. The average energy cost that we have for a LIHEAP household is for heating. I can give it to you a couple of ways because we base this data on the national surveys. First, the average heating cost represents about 7 percent of the income of LIHEAP households. That compares——

Mr. **Sharp**. I'm sorry. I didn't hear you.

Ms. Ross. It represents about 7 percent of the income of LIHEAP households.

Mr. **Sharp**. Of the income?

Ms. Ross. Yes. That compares to heating costs representing about 6 percent of the income of the all low-income households or 2 percent of the income of all households, in terms of the overall cost.

If we look at the part of energy costs that LIHEAP offsets for fiscal year 1986, we project that the average LIHEAP household's heating costs will be $498. The estimated average LIHEAP benefit for heating, including crisis assistance, is $226, and without crisis assistance, $208. That's why I used $200 in the testimony. So the percent of the heating cost that is offset by LIHEAP will be about 45 percent for fiscal year 1986. That compares to 50 percent for last year.

Mr. **Sharp**. Well, thank you. I appreciate that. You indicated about transfer of moneys, and I don't really have a question for you; but as I understand it, we have an interminable battle over formula, of course, in the Congress.

It appears that those who were winners under the recent formula change—if I understand the data correctly is that, with the recent formula change that we made, winners under that formula who generally still argue that they are not getting their fair share, in fact, many of those States were among those, among the 30, that transferred money out to other social service programs away from the specific energy use, and were among the States who transferred the most since they have a range of zero up to 10 percent. I know that isn't universally true, but I just, as a midwesterner, feel compelled to make that point.

Unless you happen to have data that contradicts it, I won't ask you about it.

Ms. Ross. I don't have that information here, Mr. Sharp. What I can tell you is that the dollar amounts for transfers are down from fiscal year 1985 to fiscal year 1986. Last year 30 States transferred $98 million. This year we are estimating that 30 States will transfer $91 million. I don't know the specific States, and I don't believe there is any correlation. I'm not aware of one. We would be happy to check that for you and submit the information for the record, if you would like us to do that.

Mr. **Sharp**. Well, thank you. We would like to follow the transfer thing to the extent it impinges upon our policy discussions about how to draft a national formula, as to State allocations. It helps some of us in our particular regional needs, with that information. I'd appreciate that.

Thank you, Mr. Chairman.

Table 1

Transfers by States from LIHEAP to Other HHS Block Grants, FY 1985

States whose FY 85 allotment percents were greater than their allotment percents under old formula	Allotment percent change from FY 84 to FY 85	Percent of funds payable transferred
Alabama	+1.64%	5%
Alaska	+1.64%	5%
Arizona	+1.64%	-0-
Arkansas	+1.64%	10%
California	+1.64%	10%
Delaware	+1.64%	-0-
District of Columbia	+1.64%	-0-
Florida	+1.64%	10%
Georgia	+1.64%	9%
Illinois	+1.64%	-0-
Indiana	+0.50%	-0-
Kansas	+1.64%	10%
Kentucky	+1.64%	10%
Louisiana	+1.64%	10%
Maryland	+1.64%	-0-
Mississippi	+1.64%	-0-
Nevada	+1.64%	6%
New Jersey	+1.64%	10%
North Carolina	+1.64%	7%
Ohio	+1.64%	-0-
Oklahoma	+1.64%	-0-
South Carolina	+1.64%	-0-
Tennessee	+1.64%	9%
Texas	+1.64%	10%
Virginia	+1.64%	-0-
West Virginia	+1.64%	6%

States whose FY 85 allotment percents were less than their allotment percents under old formula	Allotment percent change from FY 84 to FY 85	Percent of funds payable transferred
Colorado	-1.19%	10%
Connecticut	-1.19%	-0-
Hawaii	-1.19%	-0-
Idaho	-1.19%	10%
Iowa	-1.19%	-0-
Maine	-1.19%	-0-
Massachusetts	-1.19%	-0-
Michigan	-1.19%	10%
Minnesota	-1.19%	-0-
Missouri	-1.19%	10%
Montana	-1.19%	10%
Nebraska	-1.19%	10%
New Hampshire	-1.19%	-0-
New Mexico	-1.19%	-0-
New York	-1.19%	6%
North Dakota	-1.19%	10%
Oregon	-1.19%	10%
Pennsylvania	-1.19%	-0-
Rhode Island	-1.19%	-0-
South Dakota	-1.19%	10%
Utah	-1.19%	10%
Vermont	-1.19%	0.4%
Washington	-1.19%	10%
Wisconsin	-1.19%	4%
Wyoming	-1.19%	10%

Table 2

Estimated Transfers by States from LIHEAP to Other HHS Block Grants, FY 1986, Before Gramm-Rudman-Hollings Reductions

States whose FY 86 allotment percents were greater than their allotment percents under old formula	Allotment percent change from FY 84 to FY 86	Estimated percent of funds payable to be transferred
Alabama	+11.31%	10%
Arizona	+11.31%	-0-
Arkansas	+11.31%	10%
California	+11.31%	10%
Delaware	+2.63%	-0-
Florida	+11.31%	10%
Georgia	+11.31%	8%
Kansas	+0.71%	10%
Kentucky	+7.72%	10%
Louisiana	+11.31%	10%
Maryland	+11.31%	-0-
Mississippi	+11.31%	-0-
Missouri	+3.05%	10%
Nevada	+11.31%	9%
New Jersey	+6.10%	9%
New Mexico	+9.27%	-0-
North Carolina	+11.31%	11% 1/
Ohio	+5.83%	-0-
Oklahoma	+11.31%	-0-
South Carolina	+11.31%	-0-
Tennessee	+11.31%	10%
Texas	+11.31%	10%
Virginia	+1.68%	-0-

1/ Reduced to 0.5% of funds payable, after Gramm-Rudman-Hollings reduction. Additional States may have changed their estimates, as well.

States whose FY 86 allotment percents were less than their allotment percents under old formula	Allotment percent change from FY 84 to FY 86	Estimated percent of funds payable to be transferred
Alaska	-5.96%	-0-
Colorado	-5.96%	10%
Connecticut	-5.96%	-0-
District of Columbia	-1.49%	-0-
Hawaii	-5.96%	-0-
Idaho	-5.96%	10%
Illinois	-0.22%	-0-
Indiana	-1.00%	-0-
Iowa	-5.96%	-0-
Maine	-5.96%	-0-
Masachusetts	-5.96%	-0-
Michigan	-0.46%	10%
Minnesota	-5.96%	5%
Montana	-5.96%	10%
Nebraska	-5.96%	10%
New Hampshire	-5.96%	-0-
New York	-5.96%	1%
North Dakota	-5.96%	5%
Oregon	-5.96%	10%
Pennsylvania	-5.96%	-0-
Rhode Island	-5.96%	-0-
South Dakota	-5.96%	10%
Utah	-5.96%	10%
Vermont	-5.96%	0.4%
Washington	-5.96%	10%
West Virginia	-1.25%	4%
Wisconsin	-5.96%	2%
Wyoming	-5.96%	8%

Mr. KILDEE. Mr. Tauke.

Mr. TAUKE. Thank you, Mr. Chairman.

I appreciate your testimony this morning, and I think you made some very good points. But I have to say that I'm a little bit concerned that you suggest you have no intention of making a new budget request in view of the changes that have occurred since you made your last calculations.

I see, for example, that 10 days from now the State of California will receive $194 million for home energy assistance and conservation programs, which is twice what it received in the current fiscal year for home heating assistance under this program. The State of Texas will receive $156 million, over three times what it receives under the current LIHEAP program for the current year.

It would occur to me that, with that kind of influx of money coming to States, in some instances two and three times what they have received in the current year under the program—and I understand it doesn't work that way for every State—and in view of the declining oil prices, and in view of our overall budget situation, that it would make sense for the administration to give us some direction as to what you think is reasonable to do with this program under these vastly changing circumstances.

Why is it that you suggest that you don't want to resubmit some recommendations?

Ms. ROSS. I was merely trying to explain the situation as I know it now, Mr. Tauke, which is that we currently have no plans to do that. Obviously, we will be looking at how fast energy prices go down.

One thing I'd like to point out is that, in terms of the Exxon funds, the court has ordered they be spent in the same way that the Warner funds were spent some years ago. LIHEAP is one of five programs the funds may be spent for. The other four programs are administered by the Department of Energy and include a School and Hospital Energy Program, their Weatherization Program, and two other small programs.

So the funds are not solely available for LIHEAP assistance.

Mr. WYDEN. Will the gentleman yield?

Mr. TAUKE. I'd be happy to yield.

Mr. WYDEN. I thank the gentleman. Just very briefly, yesterday in a Commerce Committee hearing Secretary Harrington stated he was going to recommend rescission of the fiscal 1986 moneys for conservation because of the *Exxon* decision. Is the Department contemplating a rescission of fiscal 1986 moneys for LIHEAP?

Ms. ROSS. Currently, I am not aware of anyone contemplating a rescission for LIHEAP. I am aware of the Department of Energy's decision, but I'm not aware of anything in HHS.

Mr. WYDEN. I'm intruding on the gentleman's time, but this is a quick followup. Has the Office of Management and Budget asked your Department to look at a rescission of fiscal 1986 moneys?

Ms. ROSS. There has been no such request that I'm aware of.

Mr. WYDEN. I thank the gentleman.

Mr. TAUKE. It would be helpful to me, and I'm sure to many other members of the two or three subcommittees here, if we could get some indication from you as to what makes sense, in view of the changes that have occurred in the marketplace and also the changes resulting from the *Exxon* decision.

Now, first let me underscore that I understand fully that these moneys that have come from the *Exxon* decision are in large part going to be distributed on the basis that is far different from the formula we use in the LIHEAP Program.

I also understand that it is a repayment to consumers, if you will, and so I don't think we can just pull the rug out from under the LIHEAP Program. Clearly, some States are going to have very substantial amounts of money for these programs that they have not had before, and throwing a lot more money on top of that may not make a lot of sense, under the current circumstances.

I just think that we could very much use some direction as to how to best cope with these changing circumstances.

Ms. Ross. I certainly appreciate that concern, Mr. Tauke. One of the things we will be doing is constantly updating our information and data, based on the information DOE has on energy prices.

Right now, DOE estimates that fuel prices will decline about 4 percent between December 1985 and December 1986, which would translate roughly into a $30 to $40 reduction in the cost of fuel oil for everyone, including LIHEAP recipients.

So we'll be looking at that. We'll be looking at what's going to happen with natural gas prices. Natural gas prices are holding pretty steady at this point. Electricity prices look like they are going up about 4 percent. But that's the way we'll be tracking energy prices.

Also, if the States should choose to use the Exxon funds for LIHEAP, then we automatically subject them to the normal accounting and reporting requirements that we have under LIHEAP. So we will have some idea of how much of the Exxon funds are being used for this program. Also, we will be doing another telephone survey this summer and will have better information then about how States have used the funding.

It's my understanding, and you're absolutely correct, the court ordered that the funds be released within 10 days from today by DOE to the States. Since the States weren't anticipating the funds, it's probably going to take them a while to figure out what they're going to do with the funds. But I would think that our summer telephone survey could provide you with some very useful information.

Mr. TAUKE. Are you suggesting to us that we will have to wait until summer then in order to get some information from you that could be helpful to us in making judgments about how to handle this program?

Ms. Ross. No; we can make available all the information we have now regarding what we anticipate in terms of energy prices and the effect they would have on LIHEAP eligible households. We'd be happy to make that available to you and anything else that you want along those lines, and also to update the information as we get new information.

I think we're going to see the situation continue to change, if energy prices continue to drop. Obviously, assumptions made even now are different than those we made when we were putting the budget together, and may be different in a few months. I was just suggesting that we would have better information about how States would be using their Exxon funds from the summer telephone survey, in terms of whether they're using a large part of it for LIHEAP eligible households or for the other DOE programs.

Based on price projections published by the Department of Energy in January, we estimate that the average cost of home energy will decrease by 2 to 9 percent from this winter to next winter. This would mean a savings of from $10 to $50 in heating costs for the average LIHEAP recipient household. The savings would be greater for households that heat with fuel oil and less for households that heat with natural gas. Electricity costs are expected to increase during this period.

We expect to receive new projections from DOE shortly and will be able to provide an updated estimate then. There is a large element of uncertainty in energy price predictions, however. Variables over which we have little or no control--such as the world economic situation and the level of petroleum production in Saudi Arabia--may affect the actual outcome.

The Department of Energy distributed almost $2.1 billion to States on March 6 as a result of the resolution of U.S. v. Exxon. The Exxon funds were distributed based on each State's share of the consumption of price-controlled petroleum products during the period that price controls were in effect. (The Exxon distribution formula is very different from the LIHEAP allocation formula, which is based on home energy--i.e., residential space heating and cooling--expenditures by low income households.) The Exxon funds may be used under one or more of five programs: LIHEAP, or four DOE programs (the Low Income Weatherization Assistance Program, Schools and Hospitals conservation, State Energy Conservation Program, and Energy Extension Service Program).

We do not now know how States expect to use their Exxon funds. According to the latest data reported to us by the States, States have used about $49 million of the $200 million made available under the "Warner Amendment" (section 155 of Public Law 97-377) for LIHEAP. They planned to use another $1.5 million for LIHEAP in FY 1986. This represents about 25 percent of those "Warner Amendment" funds, which could be used for the same five programs as the Exxon funds. We do not know whether this experience will be a reliable guide to the use of Exxon funds. As I have indicated, we will be able to provide a better indication after we complete our summer 1986 telephone survey of the States.

Mr. TAUKE. One other question. Are you asking for a complete lifting of the 15-percent requirement for conservation?

Ms. ROSS. Yes; we are. Part of the reason we are proposing to do that is because of the Exxon situation. When the Warner funds were made available to the States, the greatest amount of the Warner funds were used for weatherization. We would anticipate that States that choose to use the money for LIHEAP would probably do something similar, and want to use a large portion of it for weatherization. Therefore, if we don't lift the 15-percent cap, States won't be able to use as much of the Exxon money for weatherization activities under our program as they might like because, more than likely, they would exceed that 15-percent cap.

As I discussed in my testimony, we believe that judgment about whether short-term investment in terms of immediate cash assistance to the households versus long-term investment through weatherizing a home and lowering the household's energy bill over time is a decision that can best be made at the State level. That's the other reason why we are requesting that legislative change.

Mr. TAUKE. Certainly, it's worth our while, is it not, to encourage the long-term investment, especially of moneys such as the Exxon money which was somewhat unexpected? Isn't there a very good return on the investment in things like weatherization?

Ms. ROSS. I don't have specific data to give you on that. I'll be happy to check with my staff to see what we have, but we certainly believe that in many cases when States make the determination they base it on whether or not it is worth that long-term investment. Many States are operating weatherization components and spending a substantial portion of their funds on it. We have 48 or 50 States every year who choose to operate weatherization programs. I think that speaks for itself, that they clearly believe what you're saying—that there is a gain in doing that and that it is cost effective.

Mr. TAUKE. Thank you very much.

Mr. KILDEE. Chairman Markey.

Mr. MARKEY. Thank you very, very much. Thank you for conducting these hearings, working with Chairman Sharp and I and others in trying to make this an issue that still has some life in it.

Let me ask you this: Funding has never been sufficient to serve the 22 million eligible households. Current appropriations are only about $2 billion. Yet if everyone eligible were to receive the average amount provided by each State today, this would require a Federal appropriation of nearly $5 billion. Is that correct?

Ms. ROSS. I couldn't speak to that particular figure, but I think it's roughly correct. I don't know the exact figure, but it is true that not all eligible households under the Federal or even the more restrictive State criteria are served. I discussed this issue just a little earlier. The fact is that LIHEAP, in fiscal year 1986, will serve about 31 percent of all households eligible under the statutory maximum criteria and about half of the eligible households under the State eligibility criteria, because not all States use the maximum income guidelines of 150 percent of poverty or 60 percent of State median income.

Mr. **Markey**. And it's difficult to reach the eligible households who have not already identified themselves through AFDC, through SSI. Is that right?

Ms. Ross. States are required to do outreach, and we have information about how they do it. States tell us how they're doing outreach, and they do it in a variety of ways. They use some of the standard agencies one would think of such as community action agencies, agencies on aging, and social service agencies. They do mailouts and utility fliers. They engage in quite a bit of outreach activities.

Mr. **Markey**. But 75 percent of the money goes to AFDC and SSI recipients?

Ms. Ross. If you combine it, about 70 percent goes to AFDC, SSI, housing, and food stamp recipients.

Mr. **Markey**. But the working poor and the nonwealthy elderly constitute the majority of eligible households. Is that right?

Ms. Ross. I'm sorry. I didn't quite understand that question.

Mr. **Markey**. The nonwealthy elderly and the working poor constitute a majority of those eligible for the program?

Ms. Ross. I'm not sure I could answer it exactly that way. Let me tell you what I know.

Mr. **Markey**. Everyone in the row right behind you is nodding their head.

Ms. Ross. We have information that two-thirds of the households who receive LIHEAP receive some type of public assistance. About half get food stamps, about a quarter get AFDC, about one in five gets SSI, and of the total LIHEAP population, approximately 30 percent do not receive any other form of public assistance.

Mr. **Markey**. Do you agree that those people may need energy assistance as much, if not more, than some of those who are receiving welfare?

Ms. Ross. I would say that of the 30 percent who solely receive LIHEAP benefits, clearly, they need the assistance, because the States have determined that they are eligible for the program.

Mr. **Markey**. I guess, the point I'm trying to make is, many administrators have tended to make it easy by simply sending assistance to people whose names and addresses are already in the computer, those people already receiving AFDC or SSI.

Ms. Ross. I believe the concern you're expressing there was in large measure addressed by one of the changes made in the Human Services Reauthorization Act [HSRA] which required that States can no longer operate simply categorically eligible programs. In other words, we had a few States who were only allowing AFDC, SSI, or food stamp recipients to participate in LIHEAP, but with the change made in HSRA it can no longer be just categorical eligibility. States have to accept applications from precisely that part of the population that you're concerned about.

Mr. **Markey**. Well, in 1984 Congress amended the LIHEAP Program to increase services to the working poor and to the nonwelfare elderly. In particular, we provided that nonwelfare poor were entitled to the same relative level of benefits as the welfare household, and that nonwelfare households cannot be denied benefits as long as assistance remains available to the welfare poor.

Could you give us your analysis of the success of your agency and nationwide of the implementation in the States of that policy guideline?

Ms. Ross. We had a few States who were doing only categorical eligibility, but those States are no longer doing that. They are accepting applications, and as I mentioned, they are required by statute to engage in outreach activities. So we have not found a problem. We believe the States are coming in compliance exactly as Congress intended.

Mr. Markey. So, you are happy with what they are doing?

Ms. Ross. We believe they are meeting the requirements of the law in terms of——

Mr. Markey. How about the numbers, though? I mean, how many people are being brought in?

Ms. Ross. I think it's in part a little early for me to give you exact numbers on that. I could check with my staff and see if we have any specific information, but we would probably have better information on that from the summer phone survey.

Mr. Markey. Have you asked for information to be gathered by your staff on this question?

Ms. Ross. States are required to submit to us information about the level of income of households receiving LIHEAP benefits. So we would be able to determine that based on the income of the people who are receiving benefits under LIHEAP.

Mr. Markey. What are you doing by way of outreach in order to get this message out? You might be giving people a right without a remedy. That is, the fact that it's on some statute that was passed or some regulation that has been in place doesn't mean that necessarily people who are eligible, especially people in these categories, will even know that they have these rights to take advantage of. Do you have an outreach program to make this information available?

Ms. Ross. At the Federal level we don't have an outreach program, but that's because we don't run the program. The States receive a block grant. But every State has an Outreach Program, and they do a number of different things, including putting fliers advertising the program in household utility bills, and door-to-door information provided by outreach workers from the local social services.

Mr. Markey. I understand. You do have a responsibility, though, to make sure that the States implement the program. I mean, and to have these kinds of outreach programs, even if you are not responsible for implementing them.

Ms. Ross. Certainly we have that enforcement role. Yes; absolutely.

Mr. Markey. Have you enforced it?

Ms. Ross. We conduct compliance reviews in approximately 10 States a year. In addition, we do review State plans and applications to assure completeness and compliance with the LIHEAP statute.

Mr. Markey. Has any State ever been out of compliance? Have you ever cited any State for not engaging in——

Ms. Ross. First, when you asked whether any State has ever been out of compliance on this issue, it has only been a requirement for 1 year that States no longer operate programs for only categorically eligible households. We're not aware of any States that are out of compliance. In fact the State plans indicated that the States that used to operate only categorically eligible programs were doing application programs this year as well. So they are in compliance with the requirement.

Mr. **Markey**. And even those who get assistance actually receive on the average only enough to cover about 45 percent of their heating bill, not to mention the rest of their home energy costs. These families find themselves in effect drowning in a raging river, but when the Federal Government arrives to help these drowning families it doesn't pull anyone ashore. It doesn't even throw them a lifering. It throws them a half a lifering and expects these families to find the other half out there in the rapids.

In 1984 Congress reauthorized the program for 3 years. For fiscal year 1986 we authorized $2.275 billion but appropriated only $2.1 billion, and that was subsequently reduced by the fiscal year 1986 Gramm-Rudman cuts to $2 billion. Nevertheless, those of us who have fought for these programs believe that the levels originally authorized have to be maintained. We've tried to do our best over the vigorous objections of the administration.

Given the history of what's going on, and even the attempts in fiscal year 1986 for the President to shift 38 percent of the funding, $800 million, from regular appropriations to trust funds, what is your projection for the success of the program if we go the route that is now being proposed?

Ms. Ross. In terms of funding?

Mr. **Markey**. Yes. In terms of funding.

Ms. Ross. We believe that the $2.1 billion that we have requested represents a substantial commitment by the President to maintain services to people who need them, and we would anticipate that States would be able to continue to serve roughly the same number of households they are serving now.

As some of the earlier discussion dealt with, we have a situation where energy prices are declining and, in addition, where funds are now available through the *Exxon* case that was recently settled. Therefore, States should be able to maintain at least the current effort.

Mr. **Markey**. You said earlier that spending—do you think that $2.1 billion frozen over the next 3 years is going to be adequate for this program?

Ms. Ross. We believe it will be; yes.

Mr. **Markey**. That's your own personal view?

Ms. Ross. Yes; it is.

Mr. **Markey**. You said earlier that spending of overcharge funds under the Warner amendment was primarily for weatherization. In fact, I believe the vast majority was spent on LIHEAP. Could you provide a breakdown for the record?

Ms. Ross. May I clarify that, please. There are two weatherization programs. There's one that is operated by the Department of Energy, and there's one that is operated under LIHEAP. So, while States did use roughly $51 million of the Warner funds for LIHEAP, the largest portion of that $51 million was spent on the weatherization component under LIHEAP. I think that should clear up the situation somewhat.

We'd be happy to submit the information we have for the record.

Mr. **Markey**. Is there a 15-percent cap?

Ms. Ross. There currently is. We're recommending lifting that cap.

Mr. **Markey**. So, how could you spend the majority if there's a 15-percent cap?

Ms. Ross. Because there was no time limit in terms of when States had to spend the Warner funds, for one thing. In fact, we have States that are spending Warner funds this year. States have spent roughly $20 to $30 million a year of the Warner funds on LIHEAP since it was made available; they did not have to spend it within 1 fiscal year.

Mr. **Markey**. Of the $50 million spent on LIHEAP, no more than 15 percent could be spent on weatherization. Is that right? No matter what the timeframe.

Ms. Ross. Let me clear that up by giving you a hypothetical example, if I may. Let's pretend the State received $100 in LIHEAP funds, and under LIHEAP they could spend 15 percent, or $15, on weatherization. When the Warner funds came in, we'll say that was another $20. So the $20 gets added to the $100, and it's $120, so they can spend 15 percent of $120, not just 15 percent of the Warner funds. That's how they could spend more dollars on weatherization under the Warner amendment.

Mr. **Markey**. So, but for one, they would have spent it all on LIHEAP?

Ms. Ross. Spending it on weatherization is also spending it on LIHEAP. Even before the Warner amendment, States spent funds on weatherization. I don't know what States would have done with or without the Warner amendment, but I do know what the figures tell us; which is that they spent a large portion of the Warner funds for weatherization in LIHEAP. I'd be happy to submit something in writing to clarify this if it would help.

Mr. **Markey**. It would help if that could be clarified so that we can get an idea as well of what happened before Warner, so that we can have a better sense of what would have been the priorities and if, in fact, the low-income program would have received almost all the money because of the urgency of dealing with the immediate problems.

Thank you, Mr. Chairman.

[Insert for record.]

Reports from the States to the Office of Family Assistance indicate that, for fiscal years 1983 through 1985, States used about $49 million of the Warner Amendment funds under the Low Income Home Energy Assistance Program. States estimated that they would use another $1.5 million of Warner Amendment funds under LIHEAP in fiscal year 1986. We believe that a majority of the Warner funds used under LIHEAP were spent for weatherization.

Mr. **Kildee**. Congressman Dannemeyer.

Mr. **Dannemeyer**. When I hear my colleague from Massachusetts exhibit this concern, which is legitimate, I just wonder what our posture would be with respect to this program if we said as a matter of policy that anyone receiving grants of this type from the Federal Treasury would forgo the right to vote during the time they received the money.

Mr. **Markey**. Why would we want to impose that restriction on them?

Mr. **Dannemeyer**. It just might be interesting to raise the question.

Mr. **Markey**. We did away with the poll tax; and if you want to have it disguised in the form of low-income energy——

Mr. **Dannemeyer**. It would be an interesting question to discuss sometime.

Mr. **Markey**. We've already discussed it in the country, and we——

Mr. **Dannemeyer**. I want to thank the chairman for holding this hearing.

Mr. **Kildee**. This bill has enough subcommittees now. That proposal would bring the program under Judiciary Committee jurisdiction.

Mr. **Dannemeyer**. It would be interesting to raise another question. Life being what it is in this institution, if we don't set as a matter of policy that some Federal spending to the tune of $2 billion is to be remitted in fiscal year 1987, given the fact that Exxon overcharge penalties are coming in that quantity, it is predictable that the States will spend this $2 billion of Exxon money, raise the base of recipients receiving it by the $2 billion, and come in at the next fiscal year when the Exxon money is no longer being available, and tell us we must double the LIHEAP funds because we have now raised the recipient base and it would be unfair to cause those who have come to be dependent on this money to be deprived.

Mr. **Markey**. Would the gentleman yield. Just briefly.

Mr. **Dannemeyer**. I'd be happy to yield to my friend.

Mr. **Markey**. I think the gentleman misunderstands the nature of the Exxon funds. They are not tax revenues being reclaimed by the Federal Government. These are overcharges to consumers as individuals that were ripped off.

Mr. **Dannemeyer**. I'm going to reclaim my time, Mr. Markey. You miss my point. Irrespective of the source of the funds, it is predictable that the spending base would be raised to spend all of this money, and then we will be faced with the hard choice a year from now that we can't possibly in good conscience deprive those who have become a part of the recipient stream to take less. Well, I was amused by the gentleman's comment about somebody having a right to get money. I would just like to throw out a casual thought. Perhaps it's inappropriate in this forum, to suggest that whenever somebody gets a right to get money, somebody has a duty of paying. There are taxpayers in this country that work to pay this money.

There may be tender concern in your heart about who has concern for the people paying the money, but I'd like to suggest there may be somebody here that's concerned about that.

Mr. **Markey**. I understand. Would the gentleman yield just briefly?

Mr. **Dannemeyer**. I'll just leave one comment further. I think it's our responsibility setting policy to suggest to the administration, which is doing the best they can to administer programs, that somewhere we're going to delete $2 billion of spending from all of these program streams so that the spending base does not raise itself by the quantity of money received from Exxon. That would forgo the necessity a year from now when somebody suggests we raise $2 billion up to $4 billion. That's just the observation I would like to make, Mr. Chairman.

I yield to my friend from Massachusetts.

Mr. MARKEY. I thank you. What the gentleman is saying is that, on the one hand, he believes that the top tax bracket ought to be reduced to 35 percent so that wealthy people in the country pay less, and that we can reclaim $2 billion from poor people taking it out of their pockets that they deserve as restitution for being overcharged at the gas pump or from the home heating oil dealer, then I understand what you're talking about. You're right. I do have a bleeding heart, but for the wealthy people in the country, you kick them in the heart, you would probably break your toe.

Mr. DANNEMEYER. Mr. Markey, I'm going to reclaim my time. You folks have been carrying that tune for such a long time that we're all aware that we've run out of rich people to milk; it is the middle-class American that realizes that he's the stuckee.

Mr. MARKEY. Can you supply that data to the committee?

Mr. DANNEMEYER. The data was supplied in the election in November 1984 when a fellow named Mondale went around the country and said we Americans want to be taxed. That's the data. I yield back the balance of my time.

Mr. KILDEE. Thank you, Mr. Dannemeyer. Mr. Wyden.

Mr. WYDEN. I thank you. On page 6 of your testimony you talk about the various kinds of changes, States would no longer report about energy use and average cost by fuel type and things of that nature, at the bottom of page 6. You say you're going to be able to make all these changes, because you will be able to get the data from the Department of Energy, Energy Information Administration. But my understanding is they're being cut. I wonder if you're aware of the impact of those cutbacks on your ability to use that service to get the information you need.

Ms. ROSS. I'd like to point out, first of all, that basically this is not the total data collection activity of the LIHEAP Program. This represents a relatively new requirement for data that's very difficult for States to come up with. It's extremely difficult for States to collect the data, and the data submitted by the States is not comparable from State to State and, therefore, it's very difficult to use.

We get information from the Residential Energy Consumption Survey. That's specifically where we get our information. The survey is going to be conducted every 3 years, as opposed to every 2 years. We believe we will still have the data that's necessary to make those determinations.

Mr. WYDEN. It seems to me that's the problem right there, is you're going to get information every 3 years, and you have just said in your testimony—and I'd like to try and ask the question once more—that you want to make a change because you're going to get the data from the Department of Energy; and that office is being cut. I just wonder how you're going to be able to get the data you want when that office is being cut.

Ms. ROSS. Much of the data that we get, we get from surveys conducted by other Government agencies. We pay for the data that we get from them. For example, if we want specific questions asked, it does not necessarily add to their cost because we enter into an interagency agreement in order to do that. We would continue to do that based upon the survey arrangements we have made with them.

Mr. WYDEN. That is not the justification you give in your testimony. It seems to me you ought to be straight with the Congress. If you're going to get the data from all these other places that you're talking about, you ought to tell the Congress that and not tell the Congress you're going to get it from the Department of Energy, Energy Information Administration.

Ms. ROSS. Sir, I assure you, I'm making every attempt to be straight with the Congress. The fact is, that we do get specific information from EIA. I was referring to the fact that in the context of our entire data collection effort at the Federal level, we use a number of different surveys. I was not implying, and certainly did not mean to imply, that we get that specific information from the other surveys. I was giving an example on specifically what information comes from the Residential Energy Consumption Survey, which is why I mentioned that.

There was absolutely no intent on my part to mislead you.

Mr. WYDEN. And that's going to be every 3 years. So, I mean, we're clearly changing the way we gather information. You just said the Residential Consumption Survey is going to be every 3 years. So you're making a change in the way this information is going to be gathered. I want to move on.

Ms. ROSS. I think clearly the issue you have here is that we are imposing a requirement on States that's almost impossible for States to meet. So, I think the question is, Are we better off relying on the national survey data that we get—in RECS it will be every 3 years as opposed to every 2, and we will get data from other surveys as well—or are we better off perhaps forcing States to spend a lot of time, effort, money, and people on reporting information that is of very little value at the Federal level, because States don't have that kind of information there?

Obviously, we could still require the States to do it, but if it's not good information it seems that it's not efficient use of the States' time and money that's spent doing it.

Mr. WYDEN. Why don't you explain then for the record how it can't be done at the State level, and particularly how you're going to be able to do it better, since it seems to me that all we're going to do under your proposal is go to something where we can get this information every 3 years, through consumption surveys, and we're not going to have the data we need to make policy.

Ms. ROSS. One of the four new assurances added to the LIHEAP statute by the Human Services Reauthorization Act was the requirement that States include in their applications for funding a description of energy usage and average costs of home energy in the State, by fuel type and region. This requirement has proven to be burdensome to the States, and of minimal use to the Department because the data provided by the States are not uniform and are therefore not comparable among States. As indicated, we rely instead on statistical information provided by the Department of Energy. In a number of cases we have provided this information to States, at their request, to include in their applications. We believe it would be more appropriate—and more cost effective—to continue to rely on DOE for these data than to impose uniform Federal statistical requirements on the States.

The data that we use on energy consumption and costs are derived from DOE's on-going Residential Energy Consumption Survey (RECS). DOE's Energy Information Administration (EIA) uses RECS data to estimate end uses of energy, including consumption for space heating and cooling. According to EIA, these regression estimates remain generally stable over a 3-year cycle (assuming there is no exceptional event which dramatically changes household energy consumption). We therefore believe that going from a biennial to a triennial updating of the regression estimates will not affect the accuracy of the data on home energy consumption and costs.

We also use a variety of other sources, including DOE's State Energy Data System, the Consumer Price Index, and data generated by the National Oceanic and Atmospheric Administration to update our energy expenditure estimates.

Mr. WYDEN. I want to ask you another question with respect to the monitoring of the State money unden Exxon. The Commerce Committee and, I think, a number of members are very concerned that the States—as yet, with the departments there is not a monitoring system in place. Now REA has a monitoring program, and you just mentioned that. Perhaps you could go through how that monitoring program works and what implications it might have for the *Exxon* decision.

Ms. ROSS. Certainly. First, let me start by repeating something that I said earlier, that if States choose to use the Exxon funds under LIHEAP, they will be subject to our reporting and accounting requirements.

The monitoring system that we have actually has a number of different components. First of all, we review all the State plans and applications when they send them in before they receive a grant award. If we determine there are problems with the State plan, if the assurances are not described adequately, then we contact the States and we get changes made. We clarify things that we're not comfortable with at the time that the plans initially come in.

Second, each State is required to do an audit, and they're required to do the audit every year. They have been doing this since the inception of the program. In HSRA, the change was made to require a biennial audit or an audit every 2 years. However, the Single Audit Act overrode that, so States will continue to do it every year.

State audits are to be done by an independent auditor according to GAO standards, the Comptroller General standards. When an audit is complete, the State has 6 months to resolve any issues raised by the audit. Then our HHS Office of Inspector General reviews the audit at the Federal level.

Mr. WYDEN. All this would be done with the Exxon money as well?

Ms. ROSS. Just one other point—we do have compliance reviews, that I talked about earlier, where we do onsite reviews of roughly 10 States a year. This year we are also doing desk reviews of every State.

Mr. WYDEN. One other question, if I might, is whether this would apply to the Exxon money as well? You're going to keep all these requirements with the Exxon money?

Ms. ROSS. Once it's expended under LIHEAP, it's tracked in the same way for all the funds. For example, if LIHEAP funds are spent on weatherization or if the funds are spent on heating assistance or whatever, the requirements are the same.

Mr. **Wyden**. One other question, if I might. Are you familiar with the Oregon experience with the program and the problems that we've had out there? This January, as you know, in the middle of the coldest winter we had to close two of the administrative agencies because the Department mistakenly cut about 4 percent of the money. They couldn't get an answer. Finally, the offices got the money, because we kept after the Department. They still haven't gotten any written notice about whether or not they're going to be cut. I think it would be fair to say they feel they've had a nightmarish experience over the last few months. What's accounting for the problem?

Ms. **Ross**. I am aware of the situation in Oregon. I'm also aware that Oregon had an unusually harsh winter, if I understand it, relative to most recent years.

The funding situation that you refer to resulted from a couple of factors. First of all, we ask States at the beginning of every fiscal year how much money they're going to need for the first two quarters to operate their program. That basically forms the basis of our request to OMB for an apportionment of funds to be made available to the States.

This year we were operating under a continuing resolution through a large part of November, and we were limited to making no more than 50 percent of funds available in that period. I think it was until November 13. I can give you this all for the record, if you want.

Then we had another continuing resolution that took us into December, and we had a limitation of no more than 60 percent of funds being made available to States through that CR. Then, after that, we were ready to make additional awards to the States, but the Gramm-Rudman legislation came into the picture and we were facing a dilemma of not knowing exactly how the Gramm-Rudman reductions were going to occur.

At that time we were getting opinions from our lawyers on how to apply the LIHEAP statutory formula under Gramm-Rudman. The one thing that I wanted to be sure of was that I didn't give States any more in the first two quarters than they were finally going to receive with the Gramm-Rudman reduction.

So in mid-January I made the decision to issue no more than 80 percent of the total funds a State would be eligible for in January. Subsequently, we were limited to issuing no more than 90 percent of funds States were eligible to receive post-Gramm-Rudman.

However, as States ran into difficulty and didn't have sufficient funds, we evaluated requests for additional funds on an individual basis and tried very hard to be responsive. In fact, some States have received more than 90 percent, and we're reviewing additional requests now.

I think it was a combination of the two continuing resolutions, and the question of how we were going to achieve the reduction mandated by Gramm-Rudman that caused that problem, in addition to Oregon's harsh winter and more people coming onto the program.

Mr. **Wyden**. One last question, if I might, Mr. Chairman. Ms. Ross, it's my understanding that LIHEAP funds are not supposed to be counted as income for people who are applying for other forms of assistance. I'm curious as to why USDA uses a family's LIHEAP allowance when calculating the family's food stamps allotment; and are you all trying to change this situation with USDA?

Ms. Ross. First of all, it's very difficult for me to speak for USDA, and the Food Stamp Program specifically, because I don't know all the requirements they have for eligibility and counting resources and so forth.

I am aware of the situation you refer to, which involves the cost incurred by a household for energy and how it affects the Food Stamp benefit that the household receives. I'm sure you're aware, too, that the Food Stamp Program has a number of court suits on this issue. The plaintiffs have been upheld in, I believe, four of those cases.

Since there are currently court cases pending, I'm not sure it's appropriate for me to go into great detail on that issue at this time.

Mr. Wyden. Mr. Chairman, I've had plenty of time. I'd very much like to see if we couldn't correct this situation with USDA, because I think some people have fallen between the gaps on these programs as a result of that.

Thank you for all your time.

Mr. Kildee. I concur with you on that. We look forward to working with you on that particular point, Mr. Whittaker.

Mr. Whittaker. I have no questions.

Mr. Kildee. Mr. Nielson.

Mr. Nielson. My questions have to do with the weatherization part. My largest county has complained about the weatherization program. The funds are limited, as you know, both under your department and Department of Energy, and there apparently is a law either on your books or Department of Energy's which allows them to weatherize a whole apartment complex if the majority of the people living in that complex are in the low-income category.

Ms. Ross. I believe you're talking about what's called the WAP Program, which is the Weatherization Assistance Program under DOE.

Mr. Nielson. All right. Then I won't blame you for that. What's happening in my State is we had a lot of absentee landlords from rich States like—Well, I won't name the State. I was just looking to see if Mr. Dannemeyer was here.

Anyway, they will get the people to come in. They'll get low-income people to come in, say, 7 of the 12 apartments, and then the entire complex gets taken care of, weatherization for the entire group; and it has happened that they have raised the rents on the remaining people. In other words, the rich people are getting the weatherization done for them at Government expense, and then using that to raise the rents on everyone.

I think that's atrocious. If you have limited funds, I think that's a terrible program. I'm glad it's not your program. I'll know who to go after on that one.

Ms. Ross. I would assure you, too, that if that's happening in our program, the final enforcement mechanism, which I did not get to in my discussion with Mr. Wyden, is that we have the authority to investigate complaints that come in from private citizens or anyone. Obviously, if we got a request like that, we would investigate it.

Mr. NIELSON. Is there any program, anyway you have of knowing whether the individual who owns the apartment can in fact weatherize it himself? In other words, some way you could make sure that you're not giving some wealthy landlord a freebie in the guise of helping low-income people?

Ms. ROSS. I feel confident that the States try to make sure that the people that are receiving weatherization benefits are the people who should be receiving the benefits. In fact, low-cost, low-income weatherization, I believe, is addressed in the statute specifically.

I have gone out personally and visited some of the weatherization projects going on across the country.

Mr. NIELSON. I'm glad to clarify that. The other question refers to something Congressman Tauke mentioned. Because we changed the formula last year to take care of areas where they have a lot of other costs, air-conditioning and other costs during the summer during the hot summer and so forth, there are some States which are going to get a windfall this year, Texas and California primarily. Is it feasible, since you're limiting the funds, to maybe scale back the increase they would otherwise enjoy at the expense of the other States and maybe slide into that new formula a little slower than you're doing?

Ms. ROSS. Under the existing statute, we would have no authority to do that. The only change that we would be allowed to do in the current allocation formula would be if an amount appropriated were below $1.975 billion. We would then be, according to the statute, required to revert to the old formula that was in effect through fiscal year 1984, which would provide the pro rata share that States received for the first 3 years of the block grant.

Mr. NIELSON. But if you did—if you look at the situation now, you will have some States doubling and tripling their amount in low-income LIHEAP and so forth at the expense of many States who will suffer deep cuts, because the formula is changed and you're frozen as well.

Is there any way you as an agency could take a look at that possibility, because I don't think we need to increase some of the States which are now entitled to an increase due to the formula change. I think you could if you're trying to save money and trying to apply Gramm-Rudman. I wonder if you can't do it a little bit selectively rather than to make it across the board?

Ms. ROSS. I certainly understand what you're saying. I can assure you that the allocation formula has received a lot of attention lately, and that we've spent a lot of time looking at exactly what our authority and flexibility is—and there isn't any flexibility. But we certainly understand our authority now.

Mr. NIELSON. Is there a possibility of maybe withholding some of those LIHEAP funds from States which primarily need them for air-conditioning and giving emphasis in those States who primarily need it for heating during this part of the year, and then switch back and give the States that need it for air-conditioning the extra? Is it possible you can seasonally do those things, so that we don't cause a real extra problem with the States who need the heating assistance?

Ms. ROSS. I'm getting the definite impression it's an area of great interest to you, but we do not have that kind of flexibility.

Mr. NIELSON. Why not? All we tell you is how many funds you're to have. Can you not distribute them in such a way that the same amount is done but do it in such a way that you have extra help for those who need it for cold weather, and then extra help for those who need it for hot weather?

Ms. ROSS. I may not be understanding you, because we do——

Mr. NIELSON. You do? I think you do.

Ms. ROSS. Well, I'm not sure, though. Let me ask some questions——

Mr. NIELSON. What I'm saying is, give it to the snow States now, and then give it to the hot desert States in the summer heavily.

Ms. ROSS. I explained that we base the amount of funds we give the States each quarter on the States' requests to us, when they tell us how much money they need and when they need it. Obviously, the States that spend the greater portion of their funds on heating assistance are colder States, and they ask for more money up front, in the beginning of the year.

The States that have cooling programs, and they're in the southern or southwestern regions of the country, don't ask for as much money generally up front, and they get their money later in the year.

So in terms of——

Mr. NIELSON. So, in fact, you do have a seasonal request situation.

Mr. ROSS. Yes; but this does not change the total amount of funds States are allowed to get under the existing formula. That's why I said I'm not sure I understood you, because I thought you were talking about changing the amount of funds available.

Mr. NIELSON. We can't do that.

The other comment: Since you do have a weatherization program in the Department of Energy and since, as Congressman Markey said, we need more on the low-income energy part of LIHEAP, why do we have two weatherization programs? Why don't you concentrate on the low-income energy and let the Department of Energy concentrate on weatherization? Why do we have weatherization in both programs?

Ms. ROSS. The DOE Program existed, as I understand it, before LIHEAP did. When the block grant for LIHEAP came into existence in 1982 the administration put forward and the Congress accepted the concept that, if you're going to make funds available to States as a block grant, then it's appropriate to allow the flexibility in determining how those funds should be spent, and that it was appropriate, therefore, to allow a weatherization component.

Our program actually came after the DOE Program.

Mr. NIELSON. Why do we need the weatherization component in your program if we already have one in another program, another agency?

Ms. ROSS. Well, in fact in previous years——

Mr. NIELSON. I mean, what's the rationale for having it in two different places, basically the same program in two different places?

Ms. ROSS. I am no authority on the DOE budget, but it's my understanding that DOE is recommending zero funding for their current weatherization activities and the other energy conservation programs that they operate there. They are anticipating that the Exxon funds can be used to fund those programs. So there will no longer be a weatherization program in DOE if Congress adopts that budget proposal from DOE.

Mr. NIELSON. So you solve the problem by eliminating one of the two programs. That would be one way of solving it.

Ms. ROSS. That would be—yes; that's currently proposed in the budget, as I understand it.

Mr. NIELSON. Now as far as the outreach part is concerned, you say each State has an outreach program, and you leave that strictly to the States.

Ms. ROSS. We do, but the States have to describe to us how they're going to conduct outreach. That's why we have information on the various methods that States use. In other words, one of the statutory assurances requires that States provide outreach, and States must describe how they're going to accomplish the assurance, when they submit their plan at the beginning of the year.

Mr. NIELSON. I want to commend you for your ability to answer the questions. You had some tough questions this morning, and I appreciate your testimony.

Ms. ROSS. Thank you very much.

Mr. KILDEE. Any other questions? I want to say that also I think the subcommittees have been very impressed with your depth of knowledge of this program under your jurisdiction. I think you've answered our questions very thoroughly, maybe not always to the satisfaction of the questioner but you've been very thorough in your response and you indicate a depth of knowledge of this program.

We'll be calling upon you in the future. Maybe some written questions, too, will be submitted before we close the record on this hearing.

Thank you very much.

Ms. ROSS. Thank you.

Mr. KILDEE. Our next panel will consist of Shirley Marcus, director of the Maryland Energy Assistance Program, Baltimore, MD; and Mr. E. Phillip McKain, executive director of the Pennsylvania/Delaware Community Action Association, Harrisburg, PA; and Mr. Dan Tobin, American Association of Retired Persons Volunteer, Malden, MA.

You may summarize your testimony, if you wish, and your entire written testimony will be included in the record.

Ms. Marcus.

TESTIMONY OF SHIRLEY MARCUS, DIRECTOR, MARYLAND ENERGY ASSISTANCE PROGRAM, BALTIMORE, MD.

Ms. MARCUS. Good morning. I would like to thank Chairmen Kildee, Markey, and Sharp, as well as other members of the Education and Labor and Energy and Commerce Committees for allowing me the opportunity to appear before you today in order to express my support for the reauthorization of the Low-Income Home Energy Assistance Program.

Since the program's original passage in 1981 and its subsequent reauthorization in 1984, LIHEAP has provided over $12 billion in crucial energy assistance to millions of low-income families so that they may offset home energy costs. Without these funds, poor families might otherwise have to make the difficult decision of either heating or eating.

Today I represent not only the Maryland Energy Assistance Program but the National Energy Assistance Directors Association. The purpose of the National Energy Assistance Directors Association is to serve as the nucleus of State government for the identification of energy-related constraints confronting the low-income citizens among member States.

This is accomplished through coordinating, collecting, and disseminating information, proposing energy policy, providing program administrative advice, and analyzing programs and benefits among both public and private institutions, thereby enhancing each State's capacity to respond to the individual needs of our clients.

The mission of the Maryland Energy Assistance Program is to reduce the disparity that exists between the percentage of income low-income families pay for home-heating costs versus that of their median-income counterparts.

Reauthorization of the Low-Income Home Energy Assistance Program is, of course, a primary interest to State governments across the country, and certainly to those clients whom we serve.

Since the creation of the program, States have made tremendous strides in meeting the needs of their eligible populations. In my home State of Maryland the program has grown from reaching 64,118 low-income households in 1981 to the expectation of serving over 96,000 families this year and impacting on one-quarter of 1 million individuals. Benefits have increased from a low of $230 in 1982 to $295 in 1986. In addition, there have been great advances in the administration of the program, both in my State and nationwide.

Yet even with the many achievements made by the program, there still remains a number of concerns. I would like to address these concerns and suggest recommendations for program improvement.

The Reagan administration has proposed for LIHEAP in fiscal year 1987 a funding level of $2.1 billion. This is the same amount that was approved for fiscal years 1985 and 1986. Since only 31 percent of the 23 million eligible households actually receive energy assistance, the President's proposed budget request falls short of maintaining the proper level of funding. Therefore, it would be appropriate for Congress to provide at least a 3-percent increase in the administration's proposed funding for fiscal year 1987 and each of the remaining outyears.

Another issue of contention is the length of program authorization. The National Governor's Association has properly pointed out that, since all levels of government involved in administering the program should be provided with adequate time to prepare carefully and completely for initial implementation and for the implementation of any subsequent alterations, short-term reauthorization should be avoided. Consequently, LIHEAP should be provided for a several year reauthorization.

One of the major concerns is that the program retain a high level of flexibility. State governments are in the best position to deal with the energy-related problems of their State and, therefore, have a greater capacity to meet the needs of their clients.

Program flexibility is important in a number of areas, including but not limited to crisis assistance, careover funding, weatherization assistance, transferring money to other block grants, and State accountability.

The rate of acceleration in terms of technological innovation and management practices is increasing in the human service arena. LIHEAP is certainly no exception. However, the rate of dissemination and adoption of new practices is much slower.

The result is a longer lag between discover and actual implementation. In order for States to benefit from new knowledge and innovations, they need efficient systems to identify and gain access to information. Unlike AFDC, food stamps, maternal and child health programs, and other major nationwide human service programs, there are no discretionary funds available in the LIHEAP block grant.

The National Energy Assistance Directors Association strongly recommends that discretionary moneys be appropriated for the funding of demonstration projects and technical assistance to the States. This type of assistance will enable transfer of technology between States, thereby increasing the opportunity for any State, large or small, to become more efficient and effective in terms of overall program operation.

Passage of the 1985 farm bill included provisions which prohibited reductions in food stamp benefits for LIHEAP recipients. The bill provided that:

One, LIHEAP recipients may not be denied use of a standard utility allowance so long as they have some out-of-pocket home energy costs.

Second, that vendor payment recipients may not be treated differently from cash payment recipients.

Finally, that LIHEAP payments cannot be counted against excess shelter deductions for recipients with some out-of-pocket costs.

The President's fiscal year 1987 budget proposes that LIHEAP benefits be included as income when computing food stamp benefits. Should this proposal pass, hundreds of thousands of households will lose millions of dollars in winter food stamp benefits. It is estimated that in my home State 27,000 households would be affected with a total reduction in benefits being $1.5 million per year. This issue should be clarified in the LIHEAP reauthorization legislation.

The redistribution of the oil overcharge moneys is another important issue in energy assistance. Several key members of Congress and the National Governor's Association have spoken out in opposition to the administration's suggestion that the funds be applied toward deficit reduction.

These parties feel that the oil overcharge funds belong to the affected consumers and are not tax dollars. Maryland joins in supporting the return of these revenues to the identified injured parties, and in cases where specific injured parties cannot be identified, we support the distribution of the overcharge revenue directly to the States by the Department of Energy for energy-related programs.

As you all are aware, on March 1 of this year the first Gramm-Rudman-Hollings cut is scheduled to go into effect for LIHEAP. The National Energy Assistance Directors Association appreciates the difficult situation that Congress must operate in and commends you for your foresight in exempting some social programs from the Gramm-Rudman-Hollings Act.

The LIHEAP Program, however, because it is unprotected under the law, is slated to receive a 4.3-percent reduction, which means a loss in funding for fiscal year 1986 of over $90 million. Although it has been projected that there is little that can be done about the March 1 cut, any further reductions under the law would be devastating to the program.

Therefore, Congress should work to pass a budget that would prioritize spending so that programs such as LIHEAP which promote self-sufficiency will be spared further cuts. Maryland expects to receive a reduction of $4.3 million. In order to absorb the reduction, we will have to significantly reduce our transfer to the Weatherization Assistance Program, thereby negatively impacting on the number of low-income homes we can weatherize.

The National Energy Assistance Directors Association has brought together energy assistance representatives in regional forums throughout the country to discuss LIHEAP Program alternatives and innovations that will benefit clients. Some of these innovations include: fuel funds; moratoria; budget payment plan; market interventions; and guaranteed service plans.

Maryland, I am proud to say, has been particularly innovative in operating its LIHEAP Program. We have implemented an early startup program for all applicants with the use of carryover funds. We have initiated a winter heating protection plan which has reduced cutoffs during the heating season from 8,300 in fiscal year 1984 to just 89 in fiscal year 1985.

We have implemented a consolidated application with the Weatherization Assistance Program and the winter heating protection plan, thereby providing one-stop shopping for low-income energy services.

We have required a 10-percent discount for all customers in Baltimore City, generating over $400,000 in additional benefits to the clients. We have developed a major advertising program that attempts to reach the eligible unserved population by using bus cards, billboards, radio announcements. We have also participated in a major public/private partnership with Maryland utilities in a development of a consumer education video which is shown in MEAP intake sites statewide.

Clearly, the flexible nature of the block grant has allowed States around the country to respond in creative ways to the needs of low-income families in their respective States.

I would like to once again thank the committee for allowing me the opportunity to share my views on the reauthorization of the Low-Income Home Energy Assistance Program. As you continue your deliberations on reauthorization, please feel free to call upon the association.

Thank you.

Mr. KILDEE. Thank you, Ms. Marcus.

[The prepared statement of Shirley Marcus follows:]

PREPARED STATEMENT OF SHIRLEY MARCUS, DIRECTOR, MARYLAND ENERGY ASSISTANCE PROGRAM AND CHAIRPERSON, NATIONAL ENERGY ASSISTANCE DIRECTORS ASSOCIATION

REAUTHORIZATION OF LIHEAP

I WOULD LIKE TO THANK CHAIRMEN KILDEE, MARKEY AND SHARP AS WELL AS THE OTHER MEMBERS OF THE EDUCATION AND LABOR COMMITTEE FOR ALLOWING ME THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY IN ORDER TO EXPRESS MY SUPPORT FOR THE REAUTHORIZATION OF THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM(LIHEAP). SINCE THE PROGRAM'S ORIGINAL PASSAGE IN 1981 (TITLE XXVI OF PL 97-35, THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981) AND ITS SUBSEQUENT REAUTHORIZATION IN 1984 (TITLE VI OF THE HUMAN SERVICES REAUTHORIZATION ACT OF 1984, PL 98-558), LIHEAP HAS PROVIDED BILLIONS OF DOLLARS IN CRUCIAL ENERGY ASSISTANCE TO MILLIONS OF LOW-INCOME FAMILIES SO THAT THEY MAY OFFSET HOME ENERGY COSTS. WITHOUT THESE FUNDS, POOR FAMILIES MIGHT OTHERWISE HAVE TO MAKE THE DIFFICULT DECISION OF EITHER HEATING OR EATING.

MY NAME IS SHIRLEY MARCUS, AND I AM THE CHAIRPERSON OF THE NATIONAL ENERGY ASSISTANCE DIRECTORS ASSOCIATION(NEADA), AND THE DIRECTOR OF THE MARYLAND ENERGY ASSISTANCE PROGRAM(MEAP). THE PURPOSE OF NEADA IS TO SERVE AS THE NUCLEUS OF STATE GOVERNMENT FOR THE IDENTIFICATION OF ENERGY RELATED CONSTRAINTS CONFRONTING THE LOW-INCOME CITIZENS AMONG MEMBER STATES. THIS IS ACCOMPLISHED THROUGH COORDINATING, COLLECTING AND DISSEMINATING INFORMATION, PROPOSING ENERGY POLICY, PROVIDING PROGRAM ADMINISTRATIVE ADVICE, AND ANALYZING PROGRAMS AND BENEFITS AMONG BOTH PUBLIC AND PRIVATE INSTITUTIONS, THEREBY ENHANCING EACH STATE'S CAPABILITY TO RESPOND TO THE INDIVIDUAL NEEDS OF OUR CLIENTS. THE MISSION OF THE MARYLAND ENERGY ASSISTANCE PROGRAM IS TO REDUCE THE DISPARITY THAT EXISTS BETWEEN WHAT LOW-INCOME FAMILIES PAY FOR HOME HEATING COSTS AND

THAT OF THEIR MEDIAN INCOME COUNTERPARTS.

REAUTHORIZATION OF THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM IS, OF COURSE, A PRIMARY INTEREST TO STATE GOVERNMENTS ACROSS THE COUNTRY, AND CERTAINLY TO THOSE CLIENTS FOR WHOM WE SERVE.

SINCE THE CREATION OF THE PROGRAM, STATES HAVE MADE TREMENDOUS STRIDES IN MEETING THE NEEDS OF THEIR ELIGIBLE POPULATIONS. IN THE STATE OF MARYLAND, THE PROGRAM HAS GROWN FROM REACHING 64,118 HOUSEHOLDS IN 1981 TO THE EXPECTATION OF SERVING OVER 96,000 THIS YEAR AND IMPACTING ON APPROXIMATELY ONE QUARTER OF A MILLION INDIVIDUALS. BENEFITS HAVE INCREASED FROM A LOW OF $230 IN 1982 TO $295 IN 1986. IN ADDITION, THERE HAVE BEEN GREAT ADVANCES IN THE ADMINISTRATION OF THE PROGRAM BOTH IN MY STATE AND NATIONWIDE.

YET, EVEN WITH THE MANY ACHIEVEMENTS MADE BY THE PROGRAM THERE STILL REMAINS A NUMBER OF CONCERNS. I WOULD LIKE TO ADDRESS THESE CONCERNS AND SUGGEST RECOMMENDATIONS FOR PROGRAM IMPROVEMENT.

THE LIHEAP PROGRAM OFFERS ENERGY ASSISTANCE TO THOSE UNABLE TO PAY. BUT, THERE ARE LIMITATIONS INCLUDING LIMITED RESOURCES AND LOW PARTICIPATION RATES. PRESENTLY, THE PROGRAM DOES NOT PROVIDE ENERGY SUPPLIERS AND CLIENTS WITH THE EXPECTATION OF RESOLVING THEIR PAYMENT PROBLEMS.

THE RISING FEDERAL DEFICIT HAS PLACED BUDGET LIMITATIONS ON THE LIHEAP PROGRAM WHICH IN TURN HAS A NEGATIVE IMPACT ON CLIENTS. IN FACT, THE POOREST OF THE POOR ARE SPENDING OVER 3.5 PERCENT MORE OF THEIR REAL INCOME (INFLATION ADJUSTED) ON HOME ENERGY COSTS THAN THEY WERE SIX YEARS AGO.

THE LOW PARTICIPATION RATES ARE OF PARTICULAR CONCERN BECAUSE THOSE INDIVIDUALS MOST VULNERABLE TO TERMINATION ARE THE ONES THAT ARE LEAST LIKELY TO TAKE ADVANTAGE OF THE PROGRAM. ACCORDING TO THE MARCH, 1984 CURRENT POPULATION SURVEY, 23.4 MILLION HOUSEHOLDS NATIONWIDE HAD MONEY INCOMES UNDER THE MAXIMUM INCOME LEVELS SET IN LIHEAP STATUTE. YET, ONLY 7.3 MILLION OR 31% ACTUALLY RECEIVED ASSISTANCE. MOREOVER, STUDIES PERFORMED IN PENNSYLVANIA AND BALTIMORE INDICATE THAT IT IS THE WORKING POOR, THOSE NOT RECEIVING WELFARE OR CATEGORICAL ASSISTANCE, THAT ARE MOST AT RISK.

THE FOLLOWING STATISTICS INDICATE THAT LIHEAP PARTICIPATION IS NOT COMPARABLE BETWEEN THE POOR HOUSEHOLDS, THOSE NOT RECEIVING WELFARE, AND THOSE OF RELATIVE INCOMES PARTICIPATING IN FEDERAL AID PROGRAMS.

- NATIONWIDE, A PARTICIPANT IN AFDC, SSI OR FOOD STAMPS HAS A 2:1 BETTER CHANCE OF PARTICIPATING IN LIHEAP, OVER HIS NEIGHBOR IN THE SAME INCOME CATEGORY (UNDER 125% POVERTY) WHO GETS NO OTHER BENEFITS. 76.8% OF LIHEAP RECIPIENTS PARTICIPATE IN ONE OR ANOTHER OF THESE INCOME SUPPORT PROGRAMS.

- WHILE THE CENSUS FOUND 75.7% OF THE "WELFARE POOR" HOUSEHOLDS UNDER 125% POVERTY RECEIVE LIHEAP BENEFITS, IT FOUND ONLY ABOUT 15% OF ALL HOUSEHOLDS UNDER 125% ARE PARTICIPATING.

- IN SOME REGIONS, THERE ARE VIRTUALLY NO NON-WELFARE HOUSEHOLDS IN THE LIHEAP PROGRAM. THOSE REGIONS ALSO ARE AMONG THE LOWEST IN PROGRAM PARTICIPATION.

° OF THE LOWEST INCOME HOUSEHOLDS, THOSE BELOW 50% OF THE POVERTY LEVEL HAVE PARTICIPATION RATES FAR BELOW THE NATIONAL AVERAGE. THE POOREST OF THE ELDERLY, IN FACT, HAVE THE LOWEST PROBABILITY OF PARTICIPATING.

FUNDING LEVEL

THE REAGAN ADMINISTRATION HAS PROPOSED FOR LIHEAP IN FISCAL YEAR 1987 A FUNDING LEVEL OF $2.1 BILLION. THIS IS THE SAME AMOUNT THAT WAS APPROVED FOR FISCAL YEARS 1985 AND 1986. SINCE ONLY 31% OF THOSE ELIGIBLE RECEIVE ENERGY ASSISTANCE, THE PRESIDENT'S PROPOSED BUDGET REQUEST FALLS SHORT OF MAINTAINING THE PROPER LEVEL OF FUNDING. THEREFORE, IT WOULD BE APPROPRIATE FOR CONGRESS TO PROVIDE AT LEAST A 3% INCREASE IN THE ADMINISTRATION'S PROPOSED FUNDING FOR FY 1987, AND IN EACH OF THE REMAINING OUT YEARS.

LENGTH OF AUTHORIZATION

ANOTHER ISSUE OF CONTENTION IS THE LENGTH OF THE PROGRAM AUTHORIZATION. THE NATIONAL GOVERNOR'S ASSOCIATION HAS PROPERLY POINTED OUT THAT SINCE "ALL LEVELS OF GOVERNMENT INVOLVED IN ADMINISTERING THE PROGRAM SHOULD BE PROVIDED WITH ADEQUATE TIME TO PREPARE CAREFULLY AND COMPLETELY FOR INITIAL IMPLEMENTATION AND FOR IMPLEMENTATION OF ANY SUBSEQUENT ALTERATIONS," SHORT-TERM REAUTHORIZATION SHOULD BE AVOIDED. CONSEQUENTLY, LIHEAP SHOULD BE AUTHORIZED FOR A PERIOD OF SEVERAL YEARS(4).

PROGRAM FLEXIBILITY

ONE OF THE MAJOR CONCERNS IS THAT THE PROGRAM RETAIN A HIGH LEVEL OF FLEXIBILITY. STATE GOVERNMENTS ARE IN THE BEST POSITION TO DEAL WITH THE ENERGY RELATED PROBLEMS OF THEIR STATE AND THEREFORE HAVE A GREATER CAPACITY TO MEET THE NEEDS OF THEIR CLIENTS. PROGRAM FLEXIBILITY IS IMPORTANT IN A NUMBER OF AREAS SUCH AS CARRYOVER FUNDING, CRISIS ASSISTANCE, WEATHERIZATION ASSISTANCE, TRANSFERRING MONEY TO OTHER BLOCK GRANTS AND STATE ACCOUNTABILITY. PROGRAM FLEXIBILITY HAS ALLOWED MARYLAND TO:

- CARRYOVER $1,237,341 IN UNEXPENDED FFY 1985 FUNDS: $1,000,000 WILL BE UTILIZED FOR THE DEPARTMENT'S FURNACE RETROFIT DEMONSTRATION PROJECT, $215,915 FOR THE WEATHERIZATION ASSISTANCE PROGRAM AND $21,423 TO SUPPLEMENT ENERGY ASSISTANCE BENEFITS;
- PROVIDE EQUITY IN THE ISSUANCE OF ENERGY CRISIS ASSISTANCE BENEFITS, AND INSURE TIMELINESS OF SERVICE DELIVERY IN CRISIS SITUATIONS (24 HOURS), PROVIDING FOR AN EXPEDITED DRAWDOWN OF UP TO $150 FROM THE HOUSEHOLDS REGULAR BENEFIT;
- TRANSFER 15% OF ITS LIHEAP FUNDS INTO WEATHERIZATION IN FY 1986. THE AVERAGE WEATHERIZATION GRANT IS $1,000 AND WILL BE PROVIDED TO OVER 8,000 HOMES. EACH WEATHERIZED HOUSEHOLD WILL SAVE THE CLIENT APPROXIMATELY 30% IN THEIR FUEL BILL IN THE FOLLOWING YEARS;
- BYPASS THE TRANSFER OF LIHEAP FUNDS INTO ANOTHER BLOCK GRANT PROGRAM; AND
- ENSURE ITS OWN HIGH LEVEL OF PROGRAM EFFICIENCY. ENFORCEMENT OF THE PROGRAM SHOULD BE LEFT UP TO THE STATES. THROUGH PUBLIC/LEGISLATIVE OVERSIGHT AT THE STATE LEVEL AND STATE PERFORMED AUDITS, STATES ARE INSURING THAT THE LIHEAP

MONIES ARE EXPENDED IN A MANNER CONSISTENT WITH FEDERAL STATUTES.

DISCRETIONARY FUNDING

THE RATE OF ACCELERATION IN TERMS OF TECHNOLOGICAL INNOVATION AND MANAGEMENT PRACTICES IS INCREASING IN THE HUMAN SERVICE ARENA. LIHEAP IS CERTAINLY NO EXCEPTION, HOWEVER, THE RATE OF DISSEMINATION AND ADOPTION OF NEW PRACTICES IS MUCH SLOWER. THE RESULT IS A LONGER LAG BETWEEN DISCOVERY AND IMPLEMENTATION. IN ORDER FOR STATES TO BENEFIT FROM NEW KNOWLEDGE AND INNOVATIONS, THEY NEED EFFICIENT SYSTEMS FOR IDENTIFYING AND GAINING ACCESS TO INFORMATION. UNLIKE AFDC, FOOD STAMPS, MATERNAL AND CHILD HEALTH PROGRAMS, AND OTHER MAJOR NATIONWIDE HUMAN SERVICE PROGRAMS, THERE ARE NO DISCRETIONARY FUNDS AVAILABLE IN THE LIHEAP BLOCK GRANT. NEADA STRONGLY RECOMMENDS THAT DISCRETIONARY MONIES BE APPROPRIATED FOR THE FUNDING OF DEMONSTRATION PROJECTS AND TECHNICAL ASSISTANCE TO THE STATES. THIS TYPE OF ASSISTANCE WILL ENABLE THE TRANSFER OF TECHNOLOGY BETWEEN STATES, THEREBY INCREASING THE OPPORTUNITY FOR ANY STATE--LARGE OR SMALL--TO BECOME MORE EFFICIENT AND EFFECTIVE IN TERMS OF OVERALL PROGRAM OPERATIONS.

LIHEAP ASSISTANCE VS. FOOD STAMP BENEFITS

PASSAGE OF THE 1985 FARM BILL INCLUDED PROVISIONS WHICH PROHIBITED REDUCTIONS IN FOOD STAMP BENEFITS FOR LIHEAP RECIPIENTS. THE BILL PROVIDED THAT:

- LIHEAP RECIPIENTS MAY NOT BE DENIED USE OF A STANDARD UTILITY ALLOWANCE SO LONG AS THEY HAVE SOME OUT-OF-POCKET HOME ENERGY COSTS.

- VENDOR-PAYMENT RECIPIENTS MAY NOT BE TREATED DIFFERENTLY FROM CASH PAYMENT RECIPIENTS.
- LIHEAP PAYMENTS CANNOT BE COUNTED AGAINST "EXCESS" SHELTER DEDUCTIONS FOR RECIPIENTS WITH SOME OUT-OF-POCKET COSTS.

THE PRESIDENT'S FY 1987 BUDGET PROPOSES THAT LIHEAP BENEFITS BE INCLUDED AS INCOME WHEN COMPUTING FOOD STAMP BENEFITS. SHOULD THIS PROPOSAL PASS, HUNDREDS OF THOUSANDS OF HOUSEHOLDS WILL LOSE MILLIONS OF DOLLARS IN WINTER FOOD STAMP BENEFITS. IT IS ESTIMATED THAT 27,000 HOUSEHOLDS IN MARYLAND WOULD BE AFFECTED, WITH A TOTAL REDUCTION IN BENEFITS BEING $1.5 MILLION PER YEAR. THIS ISSUE SHOULD BE CLARIFIED IN THE LIHEAP REAUTHORIZATION LEGISLATION.

OIL OVERCHARGE MONEY

THE REDISTRIBUTION OF THE OIL OVERCHARGE REFUND IS ANOTHER IMPORTANT ISSUE IN ENERGY ASSISTANCE. SEVERAL KEY MEMBERS OF CONGRESS AND THE NGA HAVE SPOKEN OUT IN OPPOSITION TO THE ADMINISTRATION'S SUGGESTION THAT THE FUNDS BE APPLIED TOWARD DEFICIT REDUCTION. THESE PARTIES FEEL THAT THE OIL OVERCHARGE REFUNDS BELONG TO AFFECTED CONSUMERS AND ARE NOT TAX DOLLARS. MARYLAND JOINS IN SUPPORTING THE RETURN OF THESE REVENUES TO THE IDENTIFIED INJURED PARTIES, AND IN CASES WHERE SPECIFIC INJURED PARTIES CANNOT BE IDENTIFIED, WE SUPPORT THE DISTRIBUTION OF THE OVERCHARGE REVENUE DIRECTLY TO THE STATES BY THE DOE FOR ENERGY RELATED PROGRAMS.

GRAMM-RUDMAN-HOLLINGS

ON MARCH 1, 1986, THE FIRST GRAMM-RUDMAN-HOLLINGS(GRH) CUT IS SCHEDULED TO GO INTO AFFECT. NEADA APPRECIATES THE DIFFICULT

SITUATION THAT CONGRESS MUST OPERATE IN AND COMMENDS YOU FOR YOUR FORESIGHT IN EXEMPTING SOME SOCIAL PROGRAMS FROM THE GRH AX. THE LIHEAP PROGRAM, HOWEVER, BECAUSE IT IS UNPROTECTED UNDER THE LAW, IS SLATED TO RECEIVE A 4.3% REDUCTION, WHICH MEANS A LOSS IN FUNDING FOR FY 1986 OF OVER $90 MILLION. ALTHOUGH IT HAS BEEN PROJECTED THAT THERE IS LITTLE THAT CAN BE DONE ABOUT THE MARCH 1ST CUT, ANY FURTHER REDUCTIONS UNDER THE LAW WOULD BE DEVASTATING TO THE PROGRAM. THEREFORE, CONGRESS SHOULD WORK TO PASS A BUDGET THAT WILL PRIORITIZE SPENDING SO THAT PROGRAMS SUCH AS LIHEAP, WHICH PROMOTES SELF-SUFFICIENCY, WILL BE SPARED FURTHER CUTS. MARYLAND EXPECTS TO RECEIVE A REDUCTION OF $4.3 MILLION ON MARCH 1ST. IN ORDER TO ABSORB THE REDUCTION WE WILL HAVE TO SIGNIFICANTLY REDUCE OUR TRANSFER TO THE WEATHERIZATION ASSISTANCE PROGRAM, THEREBY NEGATIVELY IMPACTING ON THE NUMBER OF FAMILIES WE CAN SERVE.

PROGRAM INNOVATIONS

NEADA HAS BROUGHT ENERGY ASSISTANCE REPRESENTATIVES TOGETHER IN REGIONALFORUMS TO DISCUSS LIHEAP PROGRAM ALTERNATIVES AND INNOVATIONS THAT WILL BENEFIT CLIENTS. SOME OF THESE INNOVATIONS INCLUDE:

- ° FUEL FUNDS - FUEL FUNDS, FROM PRIVATELY SPONSORED ENERGY SPECIFIC CHARITIES, PROVIDE SEED MONEY AND/OR MATCHING GRANTS UP TO A SPECIFIED LIMIT, WHILE UTILITY CUSTOMERS PROVIDE ADDITIONAL FUNDS THROUGH A VOLUNTARY CONTRIBUTION WHEN PAYING REGULAR MONTHLY BILLS;
- ° MORATORIA - RESTRICTING UTILITY SERVICE TERMINATION OF RESIDENTIAL ACCOUNTS DURING THE HEATING SEASON HELPS POOP HOUSEHOLDS BY PROVIDING THEM WITH TIME RATHER THAN MONEY TO MEET THEIR ENERGY BILLS. THIS IS ESSENTIALLY A REGULATORY SUSPENSION OF CONVENTIONAL COLLECTION PRACTICES WHEN SUCH PRACTICES MIGHT RESULT IN A POSSIBLE THREAT TO HEALTH OR LIFE;

- BUDGET PAYMENT PLAN - EXTENDED PAYMENT OPPORTUNITY AND OTHER BUDGET MANAGEMENT TECHNIQUES ARE OFFERED TO AMORTIZE ARREARAGES BEFORE A REGULATED UTILITY CAN TERMINATE SERVICE FOR NON-PAYMENT. THESE PROGRAMS WHICH ARE INTENDED TO RECOGNIZE THE UNEVEN SEASONAL NATURE OF ENERGY COSTS, ASSUME THAT A LOW-INCOME HOUSEHOLD'S PAYMENT PROBLEM MAYBE A CASH FLOW PROBLEM THAT CAN BE MITIGATED BY SMOOTHING OUT ENERGY BILLS;
- MARKET INTERVENTIONS - IN CERTAIN FUEL MARKETS, AN EFFORT HAS BEEN MADE TO REDUCE THE COST OF ENERGY TO THE POOR THROUGH CHANGES IN THE DISTRIBUTION SYSTEM FOR THE FUELS THEMSELVES. OPERATIONAL SAVINGS ARE USED TO REDUCE THE PRICE OF ENERGY OR THE MONEY COST OF CONSERVATION INVESTMENTS FOR LOW-INCOME HOUSEHOLDS; AND
- GUARANTEED SERVICE PLANS(GSPs) - MOST GSP PROPOSALS CALL FOR PARTICIPATING HOUSEHOLDS TO PAY A PREDESIGNATED PERCENTAGE OF THEIR INCOME TO THE UTILITY PROVIDING THE PRIMARY HEAT SOURCE. THESE PLANS CAN REDUCE OR ELIMINATE THE NEED FOR TERMINATION MORATORIA BY PROVIDING PAYMENT ASSISTANCE TO THOSE WHO NEED IT (PRESENTLY IMPLEMENTED IN TWO STATES AND UNDER CONSIDERAITON IN THREE OTHERS).

MARYLAND, I FEEL, HAS BEEN PARTICULARLY INNOVATIVE IN OPERATING ITS LIHEAP PROGRAM. WE HAVE:

- IMPLEMENTED AN EARLY START-UP PROGRAM FOR ALL APPLICANTS WITH THE USE OF CARRYOVER FUNDS (SEPTEMBER, 1985);
- INITIATED A WINTER HEATING PROTECTION PLAN, WHICH HAS REDUCED CUT-OFFS FROM 8,300 IN 1984 TO JUST 89 IN 1985;
- SET ASIDE $200,000 TO PROVIDE ASSISTANCE TO HOMELESS AND BATTERED SPOUSE SHELTERS--THE FIRST PROGRAM IN THE COUNTRY TO INSTITUTE SUCH A MEASURE;

- IMPLEMENTED A CONSOLIDATED APPLICATION WITH THE WEATHERIZATION ASSISTANCE PROGRAM AND THE WINTER HEATING PROTECTION PLAN;
- RECOGNIZED THAT ROOMERS AND BOARDERS, MANY OF WHOM ARE ON FIXED INCOMES, EXPERIENCE LIMITED EXPOSURE TO HEATING COSTS, THEREFORE WE ARE PROVIDING A MINIMUM BENEFIT TO HELP DEFRAY THESE COSTS;
- REQUIRED A 10% DISCOUNT FOR OIL CUSTOMERS IN BALTIMORE CITY, GENERATING OVER $400,000 IN ADDITIONAL BENEFITS (THIS INITIATIVE IS PLANNED FOR STATEWIDE EXPANSION, WHICH SHOULD PROVIDE OVER $800,000 IN ADDITIONAL BENEFITS TO MEAP OIL CUSTOMERS); AND
- DEVELOPED A MAJOR ADVERTISING PROGRAM THAT ATTEMPTS TO REACH THE ELIGIBLE UNSERVED POPULATION (i.e...BUSCARDS, BILLBOARDS, RADIO ANNOUNCEMENTS, ETC.).

I WOULD LIKE TO ONCE AGAIN THANK THE COMMITTEE FOR ALLOWING ME THE OPPORTUNITY TO SHARE MY VIEWS ON THE REAUTHORIZATION OF THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM. AS YOU CONTINUE YOUR DELIBERATIONS ON REAUTHORIZATION, PLEASE FEEL FREE TO CALL UPON THE ASSOCIATION.

Mr. KILDEE. Mr. McKain.

TESTIMONY OF E. PHILLIP McKAIN, EXECUTIVE DIRECTOR, PENNSYLVANIA/DELAWARE COMMUNITY ACTION ASSOCIATION, HARRISBURG, PA

Mr. McKAIN. Thank you. Distinguished Chairman, my name is Phil McKain from Pittsburgh, PA. I am the executive director of the Pennsylvania Directors' Association for Community Action, Inc., and today I am representing the Nation's 900 community action agencies and the National Community Action Foundation of Washington, DC.

As the community agencies which deliver energy assistance, crisis intervention, and weatherization services in most of the States, the CAP's have a deep interest and long experience in the effective and timely delivery of energy assistance services.

I wish to make brief points and submit more extensive material for the record.

Mr. KILDEE. Without objection, it will be included in the record.

Mr. McKAIN. First, contrary to some clains, energy payment assistance is still desperately needed. The poor still spend about 14 percent of their income on average for residential energy. $4.1 billion is needed to keep the poor at the percentage of income that they spent on energy as of 1978. Any LIHEAP payments cover only 20 percent of average household energy costs for those who participate in the program. Only 1.2 million poor households lost utility service in the last year that was studied as a result of inability to pay. I'm sorry, over 1.2 million.

Let me give you a few human examples.

Take the Peters family of Barboursville, KY. The mother, Rhonda, and three children live on $246 AFDC allotment and $265 of food stamps per month. Now LIHEAP funds have run out in Kentucky, and she has received a shutoff notice. She owes $198 on her electric bill. She now plans to heat her house using space heaters and extension cords to her mother-in-law's house next door. The fire hazard is considerable in her very dilapidated rental unit.

I may add that in Pennsylvania we already have been seeing situations in which fires have occurred as a result of people using alternative sources for heat.

There is the Portland, OR family with five children and one grandparent with $3,900 net income annually. Their oil bills have run $1,000 per year in their dilapidated rental unit. Even with LIHEAP assistance of about $300, they have all gone without food this winter to keep the heat on.

Or the 78-year-old Iowa widow, Jennie, who lives on $284 monthly and had a $74 budget bill payment due each month to Iowa Public Service Co. LIHEAP paid $305 or a little over 6 months of her heating costs. She tells her Community Action agency she spends just $85 monthly on groceries.

Second, it is important to realize that the energy assistance program is now the basis of a broad network of State and charitable aid and of relationships between those serving the poor and fuel suppliers. Taken together, far more financial and human resources are now available beyond the Federal assistance. Michigan, Massachusetts, and Indiana should be singled out as leaders in the design of leverage broad programs with sophisticated utility relationships. I may add that in Pennsylvania this year, through the efforts of the Community Action agency network, we are beginning to get our utilities very much involved in this sort of program.

Next, we wish to report that the amendments enacted in 1984 resolved many of the concerns CAP's voiced to you about the program. As a result of the new requirements, all but a handful of the States where the welfare poor could not get adequate service and crisis assistance was unavailable or carryover was excessive have changed their programs. But these States have complied with the law on their own. HHS has refused to interpret or enforce it.

This means that in a very few States needy eligible persons still have serious problems. Several more, like my State of Pennsylvania, are restricting the access to emergency help so that it cannot rapid response to the kind of life-threatening emergencies the elderly and infants tend to encounter in winter.

Most States have fast turnaround help available to reconnect power, deliver fuel, fix furnaces, or even move families in under 24 hours. States like mine, however, which require the person at risk to visit a traditional welfare bureaucracy are not so effective. Thus, in Johnstown we have Peter Hamrazych who has a second termination notice, and on February 11 had not heard about the energy crisis assistance he applied for in early December.

He is typical of many of his neighbors in the same bind. And we have other sources and families to tell you about as part of the record.

In Indiana County the LIHEAP office has been unreachable frequently as a result of the line being jammed or off the hook. In some areas it is stated policy in Pennsylvania that they will not answer the phone until the late afternoon.

Fuel vendors are beginning to refuse services on the promise of crisis payments which never happened when CAP's could guarantee prompt reimbursement. The new centralized crisis system cannot delivery the timely help needed. Other examples are attached for your record.

In Pennsylvania we did a survey of fuel suppliers. It has taken them up to 8 weeks to get payments from the State. These are very small businessmen, and they cannot afford the cash-flow problems. In the past, CAP's were able to respond within a 24-hour period or even upfront the money in cases where the bureaucracy begins to fall down.

The foundation is submitting a more detailed memorandum for your consideration. We feel that the amendments clearly needed to be enforced by legislation requiring HHS to establish plan requirements, to make affirmative and substantiated findings of compliance with the act in order to define a program and to reclaim funds for failure to comply.

The amendments and the act are on target. They ought to be applied everywhere.

In closing, Mr. Chairman, your subcommittees have prevented catastrophic and relieved hardships for several million households each winter. Community action agencies and our low-income clients are grateful for your concern and leadership that you have given us.

Thank you again.

Mr. KILDEE. Thank you very much.

[The prepared statement of E. Phillip McKain follows:]

PREPARED STATEMENT OF E. PHILLIP McKAIN ON BEHALF OF THE NATIONAL COMMUNITY ACTION FOUNDATION

Distinguished Chairmen, my name is E. Phillip McKain, of Harrisburg, Pennsylvania. I am the Executive Director of the Pennsylvania Directors' Association for Community Action, Inc, and today I am representing the nation's 900 Community Action Agencies and the National Community Action Foundation of Washington, D.C. As the community agencies which deliver Energy Assistance, Crisis Intervention and Weatherization services in most of the states, the CAPs have a deep interest and long experience in the effective and timely delivery of Energy Assistance services.

Energy Needs

First, let me emphasize how desperately energy payment assistance is needed today more than ever. Many poor households are quite simply unable to pay for enough energy to maintain heat and vital services through a winter. On average the poor still pay over 14% of their incomes for residential energy alone, while the percentages needed to cover other necessities, especially payments for health care, have also risen drastically since 1977. I am attaching to my testimony studies performed for the

Foundation showing that in 1984 the 22.3 million households eligible for LIHEAP had $5 billion (inflation adjusted) less in purchasing power than in 1978 solely because of energy cost increases. In other words, the federal aid makes up less than half the losses to the eligible population from energy inflation and by no stretch of the imagination can be said to improve their position beyond where they were eight years ago.

The LIHEAP block grant is a barrier to even more backsliding into destitution. But the fuel situation continues to be very threatening for the poor. HHS says 1.2 million low income households lost utility service in 1982 because of non-payment. Debts owed to utilities continue to escalate, so that the threat of further terminations grows. On average, LIHEAP payments have been covering just about 20% of a household's energy bill. Many states, including my own, have recently slashed benefits and/or eligibility because growing demand for help and formula changes made continuation of this level of aid impossible.

Mr. Chairman, a few examples may help give our concerns a human face: Take the Peters family of Barbourville, Kentucky. The mother, Rhonda, and three children live on a $246 AFDC allotment and $265 of Food Stamps per month. Now LIHEAP funds have run out in Kentucky and she has received a shut off notice. She owes $198 on her electric bill. She now plans to heat her house using space heaters and extension cords to her mother-in-law's house next door. The fire hazard is considerable in her very dilapidated rental unit.

There's the Portland, Oregon family with 5 children and one grandparent with $3900 net income annually. Their oil bills have run $1000 per year in their dilapidated rental unit. Even with LIHEAP assistance of about $300, they have all gone without food this winter to keep the heat on.

Or the 78 year old Iowa widow, Jennie who lives on $284 monthly and had a $47 budget bill payment due each month to Iowa Public Service Co. LIHEAP paid $305 or a little over six months of her heating costs. She tells her CAP she spends just $85 monthly on groceries.

I think it is important for the subcommittee to acknowledge that little is going to change in the lives of these families because of events in the Persian Gulf oil fields. In Pennsylvania, fuel oil is still 99.9¢ a gallon . Massachusetts heating oil is also 99.9¢ a gallon and Indiana gas prices are still 55.4 ¢ per therm .

LIHEAP Resources and Their Multiplier Effect

Mr. Chairman, the CAPs recognize the realities of the nation's budgetary needs, and we are therefore not asking that these subcommittees authorize the sums that are really needed to keep the LIHEAP participants at no more than the level of poverty they faced eight years ago. Your Committees have long been a bulwark of defense for the poor against both energy related catastrophe and other forms of suffering. In the last Congress, you fought for much needed authorization increases for us and you struggled to alleviate and compensate for the heavy losses the Northeast and Midwest states suffered in the allocation formula battle. Needy Americans everywhere acknowledge and are grateful for your continuing understanding and support in hard times. We trust you will be able to protect at least the current levels of assistance.

Weatherization Resources

Mr. Chairman, a deep concern for CAPs and their clients is the devastating effect that Block Grant reductions have on our weatherization efforts. When payment needs are higher than anticipated, or when funding is cut, as in the recent Gramm-Rudman-Hollings sequestration, the first reductions fall on our conservation efforts. This seems to be administratively easier for the States; but it is pennywise and pound-foolish, as the opportunity to reduce energy bills permanently is postponed or lost.

The subcommittees realize that the LIHEAP/Conservation effort ($229 million in FY 1985) usually comes close to the annual DOE effort. However, the availability of these funds is unreliable and diminishing. We would recommend first, increasing the amount available for weatherization up to 25%, and eliminating the permissible transfer to other block grants. In addition, we hope your joint consideration of LIHEAP legislation will extend to a coordinated approach to weatherization reauthorization that compensates for any State losses of Block Grant funds. Non only the integrity of an energy related effort but the well-being of the many families waiting for weatherization demand it.

Millions of dollars of private utility investment in low income conservation, including nearly $6 million in Pennsylvania this year, depend on the stable existence of a low income service delivery system. The Federal conservation effort has created a network of providers that now serves a a conduit for growing utility weatherization investment: over $40 million in California last year, $5 million a year or so in Wisconsin, and similar sums in Massachusetts and New Jersey at the least. Now that we are achieving the Administration's goal of raising private dollars, the catalyst of federal funding must not be diluted and diminished.

I think it is helpful and encouraging to point out that LIHEAP programs have become a base on which other resources, both financial and human, have been mobilized. Most important is the immense network of relationships between utilities and the programs in the States. A competent LIHEAP provider now can often negotiate reasonable payment arrangements including, sometimes, some debt forgiveness for eligible households. Utilities are now filled with staff who can identify households with problems and negotiate help. The power of the vendor payment arrangement gives the delivery agencies and advocates the necessary clout to get additional help to LIHEAP clients.

The more progressive energy suppliers are now beginning to enter both national and local dialogues about wider and longer term arrangements to keep service to those unable to pay, by better organizing public funds, by requiring a regular household co-payment, and/or by rearranging debt and payment schedules. Michigan has pioneered one such system. These arrangements must be designed with care, so as to avoid forcing the poor to commit more resources than they can afford. But these sophisticated plans offer a service alternative to a self-defeating seasonal cycle of moratoria and shut-offs. The Energy Assistance Directors under Ms. Marcus' leadership are coordinating a national educational effort which is both pioneering and promising.

In addition, of course, the LIHEAP program has been the catalyst for millions of dollars of state contributions including large appropriations in Massachusetts, Michigan and Indiana, as well as anywhere from $40 million (HHS) to $70 million (American Gas Association) in Fuel Funds.

In the long run, these efforts, which are now relatively small, may begin to make up the lost purchasing power for LIHEAP households which the program cannot cover. We need to keep at least the stable base of federal funding to permit this to occur.

Program Design Issues

Mr. Chairman, these Committees know and have been very responsive to the continuing concerns of our community service providers over the life of this program.

In 1984, in the Foundation's testimony to you, we pointed out that Congressional intent regarding the nature of energy assistance was not being fully implemented. We said that a few states were turning this targeted energy assistance into a generalized program of income support and, in the process, neglecting non-welfare households and the elderly poor. Further, by failing to provide readily accessible crisis assistance support, sometimes households were facing life-threatening emergency situations with nowhere to turn. In addition, we expressed support for limitations on year-to-year carryover, for stronger enforcement of Block Grant conditions by HHS and for a reasonable degree of State accounting and reporting so that this large program can be properly monitored.

The Human Services Reauthorization Act of 1984 authorized by these Committees, contained the majority of CAP recommendations. We believe, moreover, that these requirements of law have meant considerable policy changes in a few states. As a result, elderly and working poor households in those areas will be much more likely to have access to essential help when it is needed. To be specific, changes were made in the Michigan, Kentucky, California and Texas programs to reach a wider spectrum of low income households and to make emergency, as well as regular payment, help available as needed. Now, as then, most States are running excellent, well-targeted programs and are channeling vital dollars to meet critical needs. In fact, more information is now available to prove that fact because of expanded State submissions to HHS required under the 1984 Amendments.

I have come, however, to report the Congressional mandate is still being ignored in a very few places. The Department of Health and Human Services' refusal to interpret or enforce any provisions of the 1984 Act means that the poor and their advocates have no where to turn in those instances where the law is not implemented.

The National Community Action Foundation has reviewed the state plans of 33 states as funded by HHS. Attached is a more detailed memorandum for the Committees' consideration; the summary of our findings, from review of the programs on paper, is as follows:

- States are apparently treating the "non-welfare" and "welfare" poor households much the same everywhere except the few states which make automatic payments, that is, with no application required, to "categorically eligible" households and also make little effort to reach others, including the elderly.
- A few cold weather states are still allocating only symbolic amounts to crisis aid; only $20,000 in one case; one offers no winter crisis help.

- Several more, like my state of Pennsylvania, are restricting the access to emergency help so that it cannot provide rapid response to the kind of life-threatening emergencies the elderly and infants tend to encounter in winter. Most states have fast turn-around help available to reconnect power, deliver fuel, fix furnaces or even move families in under 24 hours. States like mine, which require the person at risk to visit a traditional welfare bureacracy, are not so effective. Thus in Johnstown we have Peter Hamrazych who has a second termination notice and, on February 11 has not heard about the energy crisis assistance he applied for in early December. He is typical of many of his neighbors in the same bind. In Indiana County the LIHEAP office has been unreachable frequently as a result of the line being either jammed or off the hook. Fuel vendors are beginning to refuse service on the promise of crisis payments, which never happened when CAPs could guarantee prompt reimbursement. The new, centralized crisis system cannot deliver the timely help needed. Other examples are attached for your Record.

Mr. Chairman, these and other related concerns that CAPs have on reviewing the state plans have all been dealt with by the Congress. They should no longer be at issue, nor would they be if the Department of Health and Human Services were exercising its obligation to implement the statute. Instead, they are using every loophole to avoid enforcement of any kind. There is no reason to fund States until they meet the requirements of a law that the overwhelming majority find to be no burden at all. (Indeed if any States still feel uncertain about how to run these programs, they need only refer to state plans of Massachusetts, Indiana or Iowa for models for the nation. Michigan's program, which is sophisticated and far reaching, may not be replicable elsewhere in its entirety).

While it is clearly difficult to force an unwilling Secretary to do his job, we strongly urge the Committee to make a clear statement in favor of the 1984 Act by including in the reauthorization package requirements that the Department promulgate an application format which assures that all the material required by law is delivered to them, and that it make affirmative, detailed and substantiated findings that each requirement of law, and there are not very many, has been met before releasing funds to any State. As the Department's testimony and reports show, they simply cannot tell whether requirements of equal treatment, crisis assistance and handicapped are being met. Mr. Chairman, in the present environment, two billion dollars is a lot of money to our clients and to the taxpayer. They deserve to know whether it is all being spent for the reasons Congress directed.

Mr. Chairman, you and the distinguished ranking minority members, Mr. Tauke, Mr. Jeffords, the leaders of these subcommittees took the initiative in last year's battle to overturn the illegal USDA policy of counting LIHEAP benefits in the calculation of Food Stamp benefits. Our analyses show your legislation has restored millions of dollars of benefits that were denied or threatened for the 56% of LIHEAP households who also receive Food Stamps.

We do feel that two loopholes remain in the compromise reached in Conference Committee which violate the intent of of the Block Grant requirement for income disregard. First, the Farm Bill permits states to use a lower "substandard" Standard Utility Allowance. Although this is not a dollar for dollar loss to a recipient--it does in effect treat LIHEAP as an increase in net income. Second, a requirement that a household have out-of-pocket costs for any kind of benefit determination does mean that LIHEAP is income to the few extremely poor households whose benefit might be high enough to cover - the entire position of the bill for which they are responsible. Although these will be few households with no out of pocket costs the requirement is a violation of the income disregard for those few, and they would be the neediest who receive the highest benefit.

It is our hope that your Committees can clarify your original intent so as to rule out these possibilities. We need you to drive, for once and for all, the legislative stake through the heart of the Administration's policies, which the USDA is again trying to raise from the grave.

Again, the support and concern of these Committees has relieved hardship for millions of households for nearly a decade. These people and others who are equally needy depend on the concern and continued support you are showing today.

Mr. KILDEE. Mr. Tobin.

TESTIMONY OF DAN TOBIN, AMERICAN ASSOCIATION OF RETIRED PERSONS VOLUNTEER, MALDEN, MA

Mr. TOBIN. After listening to Jo Anne Ross and Shirley and the rest, I think there are not too many things to go over. They're excellent on their depth.

I am—My name is Dan Tobin. I'm from Malden, MA. I'm a member of the AARP, representing them. With me is Joe Reed from the American Association of Retired People, Washington office.

I'm very pleased to be here, and I thank you for the opportunity to present the association's views on the Low-Income Home Energy Assistance Program, LIHEAP. It is extremely important to all older Americans and to all low income, also consumers.

As you consider what elements to include in reauthorization, AARP asks that you bear in mind the following recommendations:

LIHEAP serves a critical and continuing need with chronically inadequate funds. At an absolute minimum, reauthorization should be at the current funding level of $2.1 million—billion.

The LIHEAP income disregard issue requires definitive resolution. The statute should clarify that neither vendor nor direct cash assistance payments may be counted as against recipient for food stamps.

Low-income energy consumers are unable to keep up with current high energy prices. Any tax levied on energy, foreign or domestic, should be accompanied by an offsetting increase in authorizations for the Low-Income Home Energy Assistance Program.

Households consuming less energy than others are low-income households—low-income households consume less energy than others. Yet they spend a higher proportion of their income to keep their homes warm in winter and reasonably cool in summer. In 1981 low-income families spent about 20 percent of their income on energy, while high-income households spent only 3 to 4 percent of their income on energy.

Low-income older persons are especially hard pressed. Many older people live in old, poorly insulated dwellings that require repair or rehabilitation. These dwellings use energy less efficiently than do units that are properly insulated and in good repair. But their occupants often cannot afford to make improvements.

The dangers posed by extreme weather conditions are acute for older Americans who are especially vulnerable to heat stress as well as to hypothermia. The Low-Income Energy Assistance Program has made a crucial difference for many elderly households. Up to 40 percent of all households receiving heating assistance last year are estimated to contain at least one elderly person. Many of these same households received weatherization and repair aid under LIHEAP in fiscal year 1985, an essential component of energy assistance and the only long-term solution to high household fuel expenses.

Even so, less than a third of all households that are income eligible for assistance under LIHEAP are able to participate in the program. Many older people do not know about LIHEAP, and among those who are referred to the program for assistance some come too late when the money has run out.

An example is in the northern part of the State of California where an agency charged with running the energy assistance program reports that half of those who requested assistance last year had to be turned away. Although the State had asked the agency to operate the program year around, it was forced to close down just after 6 months.

In Florida an energy assistance provider told us that all eigible households are served. As LIHEAP money declines, however, so does the benefit level. At the rate funds are dwindling, it is feared payments will eventually be no more than token.

It is unfortunate, though understandable, that many States do not aggressively pursue outreach, since a successful effort will only yield lower benefits for all. The losers in this logic are often those must in need of assistance, isolated individuals, many of them elderly, who have no other connection to the public assistance system.

Along with related budget proposals, these shortfalls and benefit reductions should be borne in mind when considering the adequacy of the administration's fiscal year 1987 budget request for LIHEAP. The administration has requested current funding for LIHEAP $2.1 billion. The same budget proposal, however, would eliminate altogether the complementary Federal Weatherization Assistance Program, cut back the community development block grant, and eliminate loans and grants for rural home repair and rehabilitation under the Farmers Home Administration. In the absence of these activities, LIHEAP moneys would be forced to stretch over a broader area with diminished impact.

AARP recognizes that Congress is hard put to expand even the most worthy programs in the face of present budgetary constraints, but we believe that the proposed level of $2.1 billion should be regarded as the absolute minimum acceptable.

Despite limitations with respect to outreach and adequacy of benefit level, LIHEAP has worked well overall. Only one major problem has emerged that threatens to interfere seriously with services, particularly for older Americans. That is the U.S. Department of Agriculture, USDA, policy of reducing food stamp benefits to households that also receive energy assistance in the form of vendor payments.

Such a policy has severe implications for LIHEAP recipients who live in colder climates and would have the most extreme impact on older households for whom there is no ceiling on excess shelter deductions under the Food Stamp Program. An elderly household receiving the maximum energy assistance benefit in the State of Vermont could lose as much as $79 in food stamp benefits monthly, while a similar household in North Dakota would have its food stamp benefits reduced by as much as $153 each month. Obviously, many of the poorest elderly households would lose their eligibility for food stamps altogether.

Although every court that has ruled on this policy has found contrary to the intent of the LIHEAP statute, USDA continues to press for compliance by the States. AARP urges Congress to resolve this issue definitively by including within the reauthorization provisions that clearly exempt energy assistance payments, whether provided directly or indirectly, from consideration in determining eligibility of benefit levels under other assistance programs.

One last issue the association would raise, Mr. Chairman, concerns the prospect of a tax being imposed on energy. An energy tax would be particularly burdensome to low- and moderate-income consumers with the degree of hardship further dependent on the geographic region in which the consumer resides.

The association strongly recommends that any tax imposed on energy, whether foreign or domestic, be offset by increases in funding for the Low-Income Home Energy Assistance Program.

Again, I thank you for inviting me here today.

One thing that came up this week, an article in the paper which even astonished me, in the Wall Street Journal. The National Association of Regulatory Utility Commissioners estimates that at least 2,444,000 households lost their heating service in 1984, and they estimate that in 1985 the figure will be as high if not higher. That really knocked me for a loop.

Mr. KILDEE. Thank you very much, Mr. Tobin, for your testimony.

[The prepared statement of Dan Tobin follows:]

PREPARED STATEMENT OF DAN TOBIN ON BEHALF OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEES:

I AM VERY PLEASED TO BE HERE REPRESENTING THE AMERICAN ASSOCIATION OF RETIRED PERSONS, AND I THANK YOU FOR THE OPPORTUNITY TO PRESENT THE ASSOCIATION'S VIEWS ON THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP). LIHEAP IS EXTREMELY IMPORTANT TO OLDER AMERICANS. AS YOU CONSIDER WHAT ELEMENTS TO INCLUDE IN REAUTHORIZATION, AARP ASKS THAT YOU BEAR IN MIND THE FOLLOWING RECOMMENDATIONS:

- LIHEAP SERVES A CRITICAL AND CONTINUING NEED WITH CHRONICALLY INADEQUATE FUNDS; IT SHOULD BE REAUTHORIZED ON A MULTIYEAR BASIS, AND AS AN ABSOLUTE MINIMUM, REAUTHORIZATION SHOULD BE AT THE CURRENT FUNDING LEVEL OF $2.1 BILLION.

- THE LIHEAP INCOME DISREGARD ISSUE REQUIRES DEFINITIVE RESOLUTION; THE STATUTE SHOULD CLARIFY THAT NEITHER VENDOR NOR DIRECT CASH ASSISTANCE PAYMENTS MAY BE COUNTED AS INCOME OR RESOURCES UNDER THE FOOD STAMP PROGRAM.

- LOW INCOME ENERGY CONSUMERS ARE UNABLE TO KEEP UP WITH CURRENT HIGH ENERGY PRICES; ANY TAX LEVIED ON ENERGY -- FOREIGN OR DOMESTIC -- SHOULD BE ACCOMPANIED BY AN OFFSETTING INCREASE IN AUTHORIZATIONS FOR THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM.

When the Home Energy Assistance Act was passed in 1980, its stated purpose was to award "grants to States to provide assistance to eligible households to offset the rising costs of home energy that are excessive in relation to household income." This charge has particular relevance to households occupied by older Americans. Elderly households spend almost 50 percent more on energy than do non-elderly households.

Low income older persons are especially hard pressed. Low income households consume less energy than others, yet they spend a higher proportion of their incomes to keep their homes warm in winter and reasonably cool in summer. In 1981, low income families spent about 20 percent of their income on energy, while high income households spent only 3-4 percent of their income on energy.

A major reason for higher budget shares devoted to energy among older persons is lower income associated with age. As income declines with decreasing employment, retirement, or loss of a spouse, older individuals are compelled to spend relatively more on basic necessities, including food, housing, health and personal care. Also, many older people live in old, poorly insulated dwellings that require repair or rehabilitation. (Some 40 percent of all older Americans occupy housing structures built before 1940). These dwellings use energy less efficiently than do units that are properly insulated and

IN GOOD REPAIR, BUT THEIR OCCUPANTS OFTEN CANNOT AFFORD TO MAKE IMPROVEMENTS.

THE DANGERS POSED BY EXTREME WEATHER CONDITIONS ARE ACUTE FOR OLDER AMERICANS. AGED INDIVIDUALS ARE ESPECIALLY VULNERABLE TO HEAT STRESS AS WELL AS TO HYPOTHERMIA; A STUDY OF THE 1980 HEAT WAVE THAT SWEPT ACROSS THE NATION SHOWED THAT HEATSTROKE RATES IN PERSONS 65 OR OLDER WERE 12 TO 13 TIMES HIGHER THAN THE RATE FOR THE REMAINDER OF THE POPULATION. HENCE, LOW INCOME OLDER AMERICANS ARE IN A PERILOUS POSITION WHEN THEY CANNOT PAY THEIR FUEL BILLS AND RISK SHUTOFFS BY UTILITIES. MANY TRY TO PAY THEIR BILLS AT THE EXPENSE OF ADEQUATE NUTRITION. OTHERS SIMPLY GO WITHOUT HEATING OR COOLING -- AND FACE THE TRAGIC CONSEQUENCES.

THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM HAS MADE A CRUCIAL DIFFERENCE FOR MANY OF THESE HOUSEHOLDS. OLDER AMERICANS ARE APPROPRIATELY DESIGNATED A PRIORITY GROUP FOR SERVICES. OF SOME 6.8 MILLION HOUSEHOLDS RECEIVING ASSISTANCE IN FY 1985, UP TO 40 PERCENT ARE ESTIMATED BY THE OFFICE OF FAMILY ASSISTANCE (BASED ON THE CURRENT POPULATION SURVEY) TO CONTAIN AT LEAST ONE ELDERLY PERSON. ALSO, SOME 220,000 HOUSEHOLDS RECEIVED WEATHERIZATION AND REPAIR AID UNDER LIHEAP IN FY 1985 -- AN ESSENTIAL COMPONENT OF ENERGY ASSISTANCE AND THE ONLY LONG-TERM SOLUTION TO HIGH HOUSEHOLD FUEL EXPENSES.

EVEN SO, LESS THAN A THIRD OF ALL HOUSEHOLDS WHO ARE INCOME-ELIGIBLE FOR ASSISTANCE UNDER LIHEAP ARE ABLE TO PARTICIPATE IN

THE PROGRAM. MANY OLDER PEOPLE DO NOT KNOW ABOUT LIHEAP, AND AMONG THOSE WHO ARE REFERRED TO THE PROGRAM FOR ASSISTANCE, SOME COME TOO LATE, WHEN THE MONEY HAS RUN OUT. AN EXAMPLE IS IN THE NORTHERN PART OF THE STATE OF CALIFORNIA, WHERE AN AGENCY CHARGED WITH RUNNING THE ENERGY ASSISTANCE PROGRAM REPORTS THAT HALF OF THOSE WHO REQUESTED ASSISTANCE LAST YEAR HAD TO BE TURNED AWAY. ALTHOUGH THE STATE HAD ASKED THE AGENCY TO OPERATE THE PROGRAM YEAR-ROUND, IT WAS FORCED TO CLOSE DOWN AFTER JUST 6 MONTHS. THE AGENCY'S FUNDS WERE REDUCED LAST YEAR; IN TURN, IT HAD TO CUT BACK BOTH THE NUMBER ASSISTED, AND THE AMOUNT OF THE BENEFIT. AN AREA AGENCY ON AGING IN THE STATE CONFIRMS THIS REPORT, ADDING THAT THERE IS A LACK OF EFFECTIVE OUTREACH TO OLDER PEOPLE, AND THAT THE PROGRAM FAILS TO REACH RESIDENTS WHO NEED HELP WITH COOLING COSTS.

THE STATE OF PENNSYLVANIA IS STILL REACTING TO A REDUCTION IN FUNDS OF $6.8 MILLION FROM LAST YEAR'S APPROPRIATION. INITIALLY, BENEFITS WERE CUT BY 50 PERCENT, THEN WERE RAISED AGAIN BY 20 PERCENT WITH A LARGER POPULATION TARGETED FOR ASSISTANCE. TO ACCOMMODATE THIS MOVE, THE STATE REPORTEDLY IS BEGINNING THE PROGRAM LATER IN THE YEAR THAN USUAL. ONE LIHEAP AGENCY ADMINISTRATOR COMMENTS THAT INADEQUATE FUNDING FOR ENERGY ASSISTANCE NOW WILL ONLY PRODUCE OTHER COSTS LATER, AS OLDER PEOPLE BECOME ILL AND REQUIRE MEDICAL CARE.

IN FLORIDA, AN ENERGY ASSISTANCE PROVIDER STATES THAT ALL ELIGIBLE HOUSEHOLDS ARE SERVED; AS LIHEAP MONEY DECLINES, HOWEVER, SO DOES THE BENEFIT LEVEL. IN COMPLIANCE WITH THE 1984 AMENDMENTS, FLORIDA INCREASED ITS INCOME LIMIT FOR ELIGIBLITY FROM 100% TO 110% OF POVERTY

LAST YEAR, PRODUCING AN 8% GROWTH IN THE AGENCY'S CASELOAD. AT THE RATE FUNDS ARE DWINDLING, IT IS FEARED, PAYMENTS WILL EVENTUALLY BE NO MORE THAN TOKEN. AGAIN, A LOCAL AREA AGENCY ON AGING (AAA) CONFIRMS THAT THE ASSISTANCE PROVIDED IS "A DROP IN THE BUCKET." A NEW EMERGENCY OUTREACH PROGRAM, CONTRACTED THROUGH THE AAA, SEEMS TO BE WORKING WELL, HOWEVER, TYING IN ENERGY ASSISTANCE WITH CASE MANAGEMENT AND NUTRITION SERVICES FOR THE "NON-WELFARE" POOR.

IT IS UNFORTUNATE, THOUGH UNDERSTANDABLE, THAT MANY STATES DO NOT AGGRESSIVELY PURSUE OUTREACH, SINCE A SUCCESSFUL EFFORT WILL ONLY YIELD LOWER BENEFITS FOR ALL. THE LOSERS IN THIS LOGIC ARE OFTEN THOSE MOST IN NEED OF ASSISTANCE--ISOLATED INDIVIDUALS, MANY OF THEM ELDERLY, WHO HAVE NO OTHER CONNECTION TO THE PUBLIC ASSISTANCE SYSTEM.

THESE SHORTFALLS AND BENEFIT REDUCTIONS SHOULD BE BORNE IN MIND WHEN CONSIDERING THE ADEQUACY OF THE ADMINISTRATION'S FY 1987 BUDGET REQUEST FOR THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM. IN ADDITION, THE CROSS-CUTTING IMPACT OF BUDGET PROPOSALS FOR RELATED PROGRAMS SHOULD BE TAKEN INTO ACCOUNT.

FOR FY 1987, THE ADMINISTRATION HAS REQUESTED CURRENT FUNDING FOR LIHEAP -- $2.1 BILLION. THE SAME BUDGET PROPOSAL, HOWEVER, WOULD ELIMINATE ALTOGETHER THE COMPLEMENTARY FEDERAL WEATHERIZATION ASSISTANCE PROGRAM, PRESENTLY FUNDED AT $200 MILLION, AND WOULD CUT BACK THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BY 30 PERCENT.

LOCAL GOVERNMENTS USE A SUBSTANTIAL PORTION OF CDBG FUNDS TO REHABILITATE THE HOMES OF LOW AND MODERATE INCOME ELDERLY AS WELL AS SMALL FAMILY HOMES, THUS MAKING ENERGY ASSISTANCE PAYMENTS "GO FARTHER." MOREOVER, THE ADMINISTRATION'S BUDGET WOULD ELIMINATE ABOUT $19 MILLION IN LOANS AND GRANTS FOR RURAL HOME REPAIR AND REHABILITATION UNDER THE FARMER'S HOME ADMINISTRATION. IN THE ABSENCE OF THESE ACTIVITIES, LIHEAP MONIES WOULD BE FORCED TO STRETCH OVER A BROADER AREA, WITH DIMINISHED IMPACT.

UNDER THE WINDFALL PROFITS LAW OF 1980, LIHEAP WAS ORIGINALLY AUTHORIZED AT $3.1 BILLION, BUT IT HAS NEVER BEEN FUNDED AT THAT LEVEL. AN REAUTHORIZATION IN THAT AMOUNT WOULD BE WELL JUSTIFIED NOW, EVEN GIVEN A DROP IN IMPORTED OIL PRICES. HOWEVER, AARP RECOGNIZES THAT CONGRESS IS HARD PUT TO EXPAND EVEN THE MOST WORTHY PROGRAMS IN THE FACE OF PRESENT BUDGETARY CONSTRAINTS; THE ASSOCIATION SUPPORTS REAUTHORIZATION AT NO LESS THAN $2.1 BILLION.

DESPITE LIMITATIONS WITH RESPECT TO OUTREACH AND ADEQUACY OF BENEFIT LEVELS, THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM HAS WORKED WELL OVERALL. ONLY ONE MAJOR PROBLEM HAS EMERGED THAT THREATENS TO INTERFERE SERIOUSLY WITH SERVICES -- PARTICULARLY FOR OLDER AMERICANS -- AND THAT IS THE U.S. DEPARTMENT OF AGRICULTURE'S (USDA) POLICY OF REDUCING FOOD STAMP BENEFITS FOR HOUSEHOLDS THAT ALSO RECEIVE ENERGY ASSISTANCE.

LIHEAP'S AUTHORIZING STATUTE CLEARLY PROVIDES THAT RECEIPT OF ENERGY ASSISTANCE SHOULD NOT RESULT IN LOWER BENEFITS UNDER ANY OTHER

FEDERAL OR STATE BENEFIT PROGRAM. ALTHOUGH THE FOOD STAMP ACT SUPPORTS THIS MANDATE, IT ALSO CONTAINS A PROVISION WHICH USDA HAS CHOSEN TO INTERPRET IN A MANNER CONTRARY TO THE INTENT OF THE ENERGY ASSISTANCE LAW. UNDER THIS POLICY, HOUSEHOLDS THAT RECEIVE ASSISTANCE IN THE FORM OF VENDOR PAYMENTS ARE NOT PERMITTED TO DEDUCT THAT PART OF THEIR UTILITY EXPENSES COVERED BY LIHEAP AS A PORTION OF THEIR "EXCESS SHELTER DEDUCTION" -- A KEY CALCULATION IN DETERMINING ELIGIBILITY AND BENEFIT LEVELS IN THE FOOD STAMP PROGRAM. IN EFFECT, VENDOR PAYMENTS ARE ADDED TO THE NET INCOME OF FOOD STAMP HOUSEHOLDS, CAUSING A FOOD STAMP BENEFIT REDUCTION OF AS MUCH AS ONE-THIRD OF THE LIHEAP PAYMENT.

SUCH A POLICY HAS SEVERE IMPLICATIONS FOR LIHEAP RECIPIENTS WHO LIVE IN COLDER CLIMATES, AND WOULD HAVE THE MOST EXTREME IMPACT ON OLDER HOUSEHOLDS, FOR WHOM THERE IS NO CEILING ON EXCESS SHELTER DEDUCTIONS UNDER THE FOOD STAMP PROGRAM. THUS, AN ELDERLY HOUSEHOLD RECEIVING THE MAXIMUM ENERGY ASSISTANCE BENEFIT IN THE STATE OF VERMONT COULD LOSE AS MUCH AS $79 IN FOOD STAMP BENEFITS MONTHLY, WHILE A SIMILAR HOUSEHOLD IN NORTH DAKOTA COULD HAVE ITS FOOD STAMP BENEFITS REDUCED BY AS MUCH AS $153 EACH MONTH. OBVIOUSLY, MANY OF THE POOREST ELDERLY HOUSEHOLDS WOULD LOSE THEIR ELIGIBILITY FOR FOOD STAMPS ALTOGETHER.

ALTHOUGH EVERY COURT THAT HAS RULED ON THIS POLICY HAS FOUND IT CONTRARY TO THE INTENT OF THE LIHEAP STATUTE, USDA CONTINUES TO PRESS FOR COMPLIANCE BY THE STATES. AARP URGES CONGRESS TO RESOLVE THIS

ISSUE DEFINITIVELY BY INCLUDING WITHIN THE REAUTHORIZATION PROVISIONS THAT CLEARLY EXEMPT ENERGY ASSISTANCE PAYMENTS, WHETHER PROVIDED DIRECTLY OR INDIRECTLY, FROM CONSIDERATION IN DETERMINING ELIGIBILITY OR BENEFIT LEVELS UNDER OTHER ASSISTANCE PROGRAMS.

ONE LAST ISSUE THE ASSOCIATION WOULD RAISE, MR. CHAIRMAN, CONCERNS THE PROSPECT OF A TAX BEING IMPOSED ON ENERGY. MANY SUCH PROPOSALS ARE NOW UNDER ACTIVE DISCUSSION IN CONGRESS. AN ENERGY TAX WOULD, FOR THE MOST PART, BE PASSED ON TO CONSUMERS. AS WITH ANY CONSUMPTION-ORIENTED TAX, AN ENERGY TAX WOULD BE PARTICULARLY BURDENSOME TO LOW AND MODERATE INCOME CONSUMERS, WITH THE DEGREE OF HARDSHIP FURTHER DEPENDENT ON THE GEOGRAPHIC REGION IN WHICH THE CONSUMER RESIDES.

FOR THOSE HOUSEHOLDS THAT ALREADY EXPEND A LARGE PERCENTAGE OF INCOME ON FUEL COSTS, THE ASSOCIATION BELIEVES THAT COMPENSATORY RELIEF WOULD BE ESSENTIAL. WHILE ADDITIONAL TAX ADJUSTMENTS MIGHT HELP TO ALLEVIATE THE INCREASED BURDEN OF AN ENERGY TAX, OTHER APPROPRIATE MEASURES WOULD BE NECESSARY TO ENSURE THAT LOW INCOME PERSONS -- WHO DO NOT EVEN OWE TAXES -- DO NOT BEAR THE BRUNT OF SUCH A MEASURE. THE ASSOCIATION THEREFORE STRONGLY RECOMMENDS THAT ANY TAX IMPOSED ON ENERGY -- WHETHER FOREIGN OR DOMESTIC -- BE OFFSET BY INCREASES IN FUNDING FOR LOW INCOME HOME ENERGY ASSISTANCE PROGRAM.

THAT CONCLUDES THE ASSOCIATION'S STATEMENT. I WOULD BE HAPPY TO TRY TO ANSWER ANY QUESTIONS THE MEMBERS MAY HAVE.

Mr. KILDEE. Many members of these three subcommittees who have jurisdiction over this program worked to achieve changes in the food stamp policy last year, so they would not count LIHEAP benefits, but there continues to be a great deal of confusion. I appreciate your recommendation that we put some clear, unequivocal language here to make sure that the intent of Congress is clarified so that no one can misinterpret it.

Let me ask just a couple of questions. We've heard about the Exxon funds. What do you feel the availability of the Exxon funds will have on LIHEAP activities in the various States? Ms. Marcus.

Ms. MARCUS. Well, I can't speak for what's happening in all the States in terms of Exxon, because States are at really in different places in terms of their planning for the use of the funds. In my home State of Maryland we have what's called an oil overcharge trust fund board, and that group will make the final decision in terms of how the moneys are to be allocated.

When we had Warner amendment moneys, 90 percent of those dollars actually went to the Weatherization Program. Less than 10 percent came to the low-income energy assistance block grant. My sense is, because there is such a priority in our State and such support for weatherization that the majority of those funds will indeed be directed to the Weatherization Program.

Mr. MCKAIN. Let me speak for the State of Pennsylvania. I think the point needs to be made overall—before I speak to Pennsylvania—as demonstrated earlier, that there is a need for—there's an eligible population out there that is not being served, and I think that even with additional dollars in any source that is not grounds for reducing the commitment that the Government should take in behalf of this program. So, I want to clearly say I don't see that the oil overcharge money is any sort of justification for reducing LIHEAP, given the eligible need out there.

However, in Pennsylvania there is a coalition of utility companies, consumers, clients, labor, the chamber of commerce that all got together over the past 2 years to try to impress upon our State that there's a need for even the States to do more in this area, and have gone on record as saying that as far as the oil overcharge money is concerned, they are pressing the legislature to make sure that 75 percent of those moneys that come into the State of Pennsylvania be distributed between weatherization and low-income energy assistance.

So, that's where our—where we fall, but I just want to make that point again, that the need is clearly out there in the State of Pennsylvania. We are only reaching—the public utilities commission each year our studies showing we're only reaching 39 to 40 percent of the eligible households in the State of Pennsylvania.

Mr. TOBIN. Well, as I've indicated, what States have available to them now is very inadequate to them, and presently they are using funds from other oil overcharge cases to supplement LIHEAP moneys. And that's still not enough. And to substitute oil overcharge fees for appropriations could represent a cutback in real terms, and I think it would be harder to get Federal money back for the program when that ran out.

Mr. KILDEE. You know, very often when we, in other programs, supply dollars to States or a locality, we put a maintenance of effort so that we don't have them drop their effort. I guess maybe the U.S. Government should maintain their own effort in this area.

Mr. TOBIN. What I really think, and Mr. Dannemeyer was talking about what could happen without it. I think that money from Exxon should go for weatherization of the poor people's houses, and that would drop your oil consumption, and your oil and gas consumption. And it would be one way to drop it, and cut your expenses.

Mr. MCKAIN. I just want to make a point. Earlier it was mentioned that—about the middle class, as if there is some division out here between the middle class and the low income. In the State of Pennsylvania, the middle class is very willing to support this program. They contribute a great deal of money in paying their utility bills. They contribute dollars to utility companies voluntarily to help support the need in the State of Pennsylvania. So I think that point needs to be made, that people out there recognize the need for this program and, as I said before, in the State of Pennsylvania all types of groups from the political spectrum to interest groups are saying that there needs to be more dollars put into this program. So that any other additional dollars that we find our hands on, there is support in the State of Pennsylvania for those dollars going to support LIHEAP, and without reducing the $2.1 billion that is coming in; because clearly we see that as inadequate.

Mr. KILDEE. The recipients of these dollars, with or without Exxon dollars, with or without the drop in oil prices—the recipients are not going to be living in lavish style; are they?

Mr. MCKAIN. No.

Mr. TOBIN. No.

Ms. MARCUS. And I think as the administration said earlier, we're only serving about 31 percent of the potentially eligible population, and that to me is a sad state of affairs in this country.

Mr. KILDEE. Chairman Markey.

Mr. MARKEY. Thank you very much. I would like to note at the outset that Mr. Tobin and I share the same hometown, Malden, MA; and I have had the honor of growing up only 10 blocks from his house.

Mr. TOBIN. Must be something good in the water there.

Mr. MARKEY. It is in the water. There's so many politicians per square block in Malden, and he's one of the best products.

You know, a lot of people kind of lose track of how difficult it is, for example, for someone on a Social Security check to try to balance all their needs, their housing needs, their food needs, their health care needs, and the needs for rent, and putting fuel in their home-heating oil burner, to keep their homes warm there in the winter.

Can you just walk us through what you would see as a typical dilemma that some of these elderly people especially might be confronted with, to try to make these tough choices?

Mr. TOBIN. When do you want to start and finish? You see all types. The other day I was talking to the people in Medford, MA, the oil people that certify people coming in there. I asked where the people were to certify these people. Oh, they only come in once a week now, because there's no money left. Or there's very little money.

Now what are these people going to do? It's still below freezing up in Boston, and around Malden, and Medford, as you know. And I know the State is doing what they can, too, because up in Massachusetts Dukakis is doing a pretty good job in a lot of ways. But I think the Government has to do more, and these people are really hard up.

You know yourself about these fires that are occurring, and the people being burned to death with these stoves that they're keeping in their apartments that are unlawful in Massachusetts, these oilstoves; and they're tipping over. They don't know about the CO_2 oxygen that they're producing, and people are dying on account of this kind of heat. And it's all over Lawrence, Medford, anyplace. I don't care where you say it.

Mr. **Markey**. And they can't afford——

Mr. **Tobin**. They cannot afford oil. They're not getting the money, and it's too bad. They can't get the money for them.

Mr. **McKain**. In Pennsylvania in the past month, in the western part of Pennsylvania, we have had fires just within the past month related to kerosene heaters which are—in some parts of the State very much illegal and very dangerous, because of the lack of heat in low-income homes. So it's a very, very serious problem.

We have people in Pennsylvania who have been out of heat since November and cannot get the assistance that they need from the local department of public welfare. Again, as I said, because of the way they are running the crisis program.

Mr. **Markey**. Do you know, Mr. Tobin, of any increased efforts to improve outreach to the nonwelfare poor since the 1984——

Mr. **Tobin**. No; only through the American Association of Aging. Seems to be the only one that I know of right offhand. In Florida, I know what's happening. They're the only ones you can go to. In the Western States I think it's the Salvation Army, and they don't have no money. Those are the only ones that I heard of, really.

Mr. **Markey**. I understand; Thank you, Mr. Chairman. Thank you very much for coming down here.

Mr. **Tobin**. You're welcome.

Mr. **Kildee**. Mr. Walek, do you have any questions on behalf of Chairman Sharp?

Mr. **Walek**. We would like to go back to the overcharge issue, particularly to Ms. Marcus for the State program directors.

As you have been following the *Exxon* decision as well as the so-called megasettlement which would wrap up the other $7 to $10 billion into one agreement, to what extent has the State attorney general in the State of Maryland or other States worked with your office in terms of trying to ascertain to whom these moneys should go?

Ms. **Marcus**. Well, it's a major issue in the State of Maryland right now. The legislature is in session, and a part of their work, of course, is to review the budget for the various departments. We had a recommendation from our legislative analyst that the program not transfer 15 percent of the funds, as we have normally done, to weatherization, contingent upon receipt of the Exxon funds; but instead take those moneys and move them over to the social services block grant that would then free up State general funds.

That's the scenario right now. Indeed, the Attorney General's Office is attempting to get a ruling to see if indeed this kind of action, whether it's legal or illegal, based on the regulations. But the point we're trying to make is that the energy assistance block grant is already slated for cuts at $4.3 million, as I said earlier. So that any reduction in funds out of the energy assistance block grant will affect the Weatherization Program as well. I mean, if not this year, then next year. So it's a major issue in our State.

Mr. WALEK. Is it true what we've heard, that in the State of Maryland when they back out these general revenues that they would use some of that money to attempt to bail out savings and loans? Has that proposal been brought up in the State legislature?

Ms. MARCUS. It is true that the Governor presented the legislature with a budget that was $15 million short of what was required for the savings and loans reserve fund; and it is true that the legislature is looking for pockets of money to help out in that effort. There hasn't been anything in writing that clearly says any backing out of general funds from the social services block grant would be used for that purpose, but I think it's sort of been looked at as a possibility.

Mr. WALEK. Would you or any of the other members of the panel that wish to comment on this particular issue like to see the Department of Health and Human Services be given a role in monitoring distribution not only of the Exxon moneys, as well as the megasettlement moneys, through their existing mechanism? Not that they would actually control it through regulation, but at least monitor how that money was being spent.

Ms. MARCUS. Well, it's my understanding that, based on what's currently in place, that if any of these moneys are used for the low-income home energy assistance block grant, that indeed they would have to be expended consistent with current regulations. So I think that there is a system in place for monitoring. It's just the extent to which that monitoring actually occurs, I think.

Mr. WALEK. Mr. McKain, you mentioned on the crisis intervention issue that for the most part States have attempted to comply with the 1984 amendments. To what extent could you give us a list of the States that have not complied?

Mr. MCKAIN. We can, through the National Community Action Foundation, supply you with those States. I want to sneak to Pennsylvania in the crisis.

Clearly, the crisis program when Congress reauthorized this program—I'm sure that the Congress' intent was that we respond to crisis situations in a timely manner. What has happened in Pennsylvania is that there has been a consistent attempt to centralize the program out of the State capital. That is, if a person needs to be—needs emergency assistance, or needs the payment to the utilities, or to the vendors, you would have to take the application but you have to go send everything all the way to Harrisburg; and this is a State that has six or seven counties spread out.

You have to send to Harrisburg and through their newly, as they say, centralized system they will send the payment out. But as I mentioned in my testimony, that is not occurring, and they have moved away from using community-based organizations who can respond very quickly to the clients, who know the clients, and know the conditions and can be there on the 24-hour basis. They have moved away from that, and they have consistently done that for the past 2 years.

We have testified in their State plan hearings about this concern, that we feel that they are violating the spirit of the law. They do not think so, and they have taken all these programs now to be run by county boards of assistance whose staffs—county boards of assistance at the local level. Staff of those assistance offices are overworked. They have no understanding, in some cases, of the LIHEAP Program. They've been poorly trained to deal with this.

As I said before, they won't answer the phone. In some cases, they put on a recorder that you have to call back tomorrow; but as you know, people with crisis—you can't call back tomorrow. You need help right then, and that is not occurring in the State of Pennsylvania.

We feel that since so many other States have begun to comply and be able to respond in a timely manner, we think that the HHS should be enforcing this regulation so that a few bad apples cannot spoil the barrel.

Mr. **Walek**. One final question, Mr. Chairman. Mr. Tobin, with respect to the outreach issue, you seem very concerned about the outreach issue. One of the things that is concerning us is that we have heard from some of the States, as you've suggested, that they're using Salvation Army offices. Further, in some States they have chosen as their only way of complying with the outreach requirement to use unemployment offices. Now, obviously, in both of those instances there's a tendency to miss a large portion of the population.

Mr. **Tobin**. They can't get to them.

Mr. **Walek**. And that person missed seems to me to be the retired person, elderly person. Do you have any proposals as to how we or the States should get to the elderly person better?

Mr. **Tobin**. The only way I can figure out is if there's a department of elderly affairs in any of these cities or towns, I think it's up to those people to understand what is going on. I don't think half of them know what is going on really. And I think—I believe, firmly believe, that the Government, too, should write up a little message to the States to tell them what is going on and what they can do and how they can outreach these people. That could be given to these departments of elderly affairs. And the American Association of Aging, like I said, in Florida; and they should probably phone these people that cannot get out of the house even. These are the people you would like to reach, and the rural ones that are out in the sticks that can't get to them.

Mr. **Kildee**. Some of the senior volunteer programs—could they assist?

Mr. **Tobin**. Yes; and the AARP could be put on it, too. I don't know if they'd go for that. I think that, yes; we have the chapters all over the country, and we have them in the rural areas, and we have them all over. I think they would be a pretty good source, too, because they're getting bigger and bigger.

Ms. **Marcus**. I'd just like to add onto to what Mr. Tobin is saying. I think he's making an excellent comment in terms of the need for technical assistance in the whole area of outreach. Outreach is a critical area in this program, and there are some successful models around the country. If HHS had the authority to indeed issue discretionary funds, that's one of the areas that States could benefit greatly, I think.

Mr. **Walek**. Thank you, Mr. Chairman.

Mr. **Kildee**. Ms. Lamb, do you have any questions?

Ms. **Lamb**. No, thank you, Mr. Chairman.

Mr. **Kildee**. Mr. Moorhead, do you have any questions?

I thank you very much. It's been an excellent hearing today. The record will remain open for 2 weeks for additional testimony. Mr. McKain indicated he might have some additional data for us. We thank you very much for your testimony this morning. It's been very, very helpful to us in reauthorizing this very important program.

Mr. **McKain**. Mr. Chairman, this is not about LIHEAP or weatherization. Mr. Nielson is not here, but I wanted the record to show that the situation he talked about—that is an illegal situation. Those of us who run the Weatherization Program, if in fact a landlord raises rent, that is totally illegal, and we ask that court action should be taken. So that's against the law in the running of the program.

Mr. **Kildee**. Thank you very much, Mr. McKain.

The committee stands adjourned.

[Whereupon, at 12:06 p.m., the committee was adjourned.]

[Additional material submitted for the record follows:]

DEPARTMENT OF HEALTH & HUMAN SERVICES

Family Support Administration
Office of Family Assistance
2100 Second Street SW
Washington, D.C. 20201

Refer to: SFJ1/0150
EN-5-7.3

The Honorable Dale E. Kildee
Chairman
Subcommittee on Human Resources
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Kildee:

Enclosed are responses to the questions in your letter of March 3 concerning the Low Income Home Energy Assistance Program (LIHEAP).

Thank you for the opportunity to help complete the record of the February 27 energy assistance program hearing held by your Subcommittee and the Subcommittees on Energy Conservation and Power and Fossil and Synthetic Fuels of the Energy and Commerce Committee. Please let me know if we may be of further assistance.

Sincerely,

Harvey R. Vieth
Acting Director
Office of Family Assistance

Enclosure

QUESTIONS FOR THE RECORD--MARCH 3, 1986
House of Representatives
Committee on Education and Labor
Subcommittee on Human Resources

Low Income Home Energy Assistance Program

(1) How many households are eligible for LIHEAP funds under the more restrictive eligibility standards adopted by many States? How many under the statutory standards?

We estimate that 23.4 million households were eligible in FY 1984 under the income standards specified in section 2605(b)(2)(B) of the statute, based on the March 1984 Current Population Survey (CPS). Preliminary estimates suggest that 17.6 million households were eligible in FY 1984 under the more restrictive eligibility standards adopted by many States. We should have estimates for FY 1985 available shortly.

(2) What kind of household is eligible and not being served? What are their energy needs?

Our data show that States assist eligible households with lower incomes and higher energy costs. Thus, unserved eligible households tend to have higher incomes and lower energy costs than assisted households. Our view is supported by data which show that for FY 1983:

- 71 percent of LIHEAP households that received heating assistance vs. 52 percent of all low income households had incomes below the poverty level, showing that LIHEAP-assisted households tend to have lower incomes than the eligible population as a whole.
- Average heating costs were $413 for LIHEAP-assisted households vs. $384 for all low income households, demonstrating that LIHEAP-assisted households tend to have higher energy costs than low income households that do not receive LIHEAP benefits.

(3) What proportion of the lowest income groups, those under 50 percent of OMB poverty level income, are served by the program?

Our most recent estimates (FY 1984) indicate that about 46 percent of households under 50 percent of the OMB poverty level are served by the program, based on the March 1984 Current Population Survey and State-reported data.

(4) What proportion of the eligible elderly being served are not receiving SSI or some other form of assistance making them categorically eligible?

Based on the March 1984 Current Population Survey, we estimate that 39 percent of the eligible elderly being served are not receiving SSI, AFDC, or Food Stamps.

About 30 percent of all LIHEAP recipients do not receive SSI, AFDC, or Food Stamps. The higher proportion of elderly households receiving LIHEAP assistance but not SSI, AFDC, or Food Stamps, reflects the requirement that States target the elderly and handicapped in their outreach efforts.

(5) What are the standards or tests you apply to determine if a State's crisis assistance is of reasonable dimensions and will cover the required period?

The LIHEAP statute requires States to reserve until March 15 of each program year "a reasonable amount based on data from prior years" for energy crisis intervention. If a State's plan indicates that the State will not operate its crisis program during the winter until at least March 15, we treat this as a potential compliance issue. The question of "reasonable dimension" involves judgments we believe are best left to the State. We do not believe that there is a single dollar amount or percentage of funds which would be "reasonable" for all States to reserve, even as a minimum.

As an example, the State of Michigan estimates that it will use almost $52 million for crisis assistance in FY 1986, about 30 percent more than the amount it estimates it will use for its regular heating assistance program ($40 million). The State of Massachusetts has no separate set-aside for crisis assistance. Instead, Massachusetts handles crisis assistance cases on an expedited or "fast track" basis through its regular heating program machinery. Massachusetts intends thereby to minimize administrative costs, maximize coordination of crisis assistance with regular heating assistance, and avoid the inequities involved in paying both regular and crisis assistance benefits to the same households. No reasonable minimum set-aside for crisis assistance would cover the Massachusetts example. We have no reason to believe either approach is inherently better than the other. Rather, each State's approach under the block grant is adapted to meet the State's own situation.

If we found that a State was consistenly running out of crisis funds prior to March 15, or if we detected a pattern of complaints regarding the availability of crisis assistance, we would investigate this as a potential compliance issue under section 2608 of the LIHEAP statute.

(6) How do you tell if local public or nonprofit agencies with experience and capability are delivering crisis services?

We make this determination in several ways:

- In reviewing State applications or other information, we look to see if the State is using the same agencies to administer its crisis program as it had in past years. If it is, then it is, by definition, using agencies with experience. If there is a change in agencies, we evaluate whether the new agency meets the statutory criteria.
- If there are complaints, we investigate and reach an independent judgment of whether the State is complying.
- We assess the issues of experience and capacity during our program reviews. If there are significant service delivery problems, we would also assess whether the State is using agencies with the necessary capacity. However, we would normally defer to a State's judgment on this issue unless there was a clear cut service delivery problem.

(7) What criteria do you apply to determine whether there has been no differentiation of the income eligible and the categorically eligible?

We are making this determination consistent with the LIHEAP statute and its legislative history. The primary impetus for the Human Services Reauthorization Act changes regarding income and categorical eligibility was the former practice in a number of States where the main heating assistance program was available only to public assistance households, and income eligible households could receive assistance only through the crisis assistance program. No State is running its program that way in FY 1986, the first year these provisions are in effect.

In reviewing State plans for FY 1986, we have noted that a few States have different provisions for income and categorically eligible households (for example, heating benefits that vary by income and fuel type for income eligible households versus a single flat payment for public assistance households, and making payments to public assistance households before taking applications from income eligible ones).

We evaluate all differences in the treatment of income and categorically eligible households. If we find that any are clearly inconsistent with the statute, we have the means available through our enforcement mechanism to obtain compliance.

(8) What criteria do you use to determine whether the highest benefits are being paid to those with the lowest income and the highest energy costs in relationship to income?

The LIHEAP statute requires States to "provide, in a manner consistent with the efficient and timely payment of benefits, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size...."

To determine compliance of a State's program with this requirement, we first check to see if the State varies benefits according to household income, energy costs or factors which reflect energy costs (e.g., climate zones within a State, fuel type, etc.), and family size. We then consider whether the State's program varies benefits "consistent with the efficient and timely payment of benefits."

(9) We are told at least one State does not consider household income in allocating benefits. When you find such a program, how do you determine if it is in compliance with the requirement of section 2605 of the Act?

As indicated earlier, we first check to see whether a State considers household income, energy costs, and size when determining assistance levels. Then we consider whether the State varies benefits consistent with "efficient and timely payment." The State in question does vary benefits according to the recipient household's fuel type and heating region in the State. The State believes that its system of varying benefits meets the statutory requirement because:

- o The State specifically takes into account energy costs in relation to income for the elderly and handicapped--groups that are especially vulnerable--by providing an additional benefit to eligible elderly and handicapped households whose total energy costs are at least 30 percent of their annual incomes.
- o The State takes into account income and family size in determining eligibility, since the income eligibility guidelines increase as household size increases.
- o The State believes that fuel type and region of the State are more significant determinants of energy burden on a low income household than are income and family size.
- o The State believes that it would be too administratively burdensome--and therefore inconsistent with the efficient and timely payment of benefits--to consider household income to a further degree.

We do not believe at this time that the State in question is out of compliance. However, we have scheduled an on-site review of the State pursuant to section 2608 of the statute.

(10) What steps do you take if a plan is submitted without clear evidence of compliance with one or more provisions of the law?

If the plan is determined to be complete, i.e.,

- o contains assurances by the chief executive officer that the State will meet the conditions enumerated in section 2605(b),
- o describes how the State will carry out those assurances,
- o contains estimates of the amount of funds the State will use for each of the program's components,
- o describes the eligibility requirements to be used for each type of assistance to be provided, and
- o describes weatherization and other energy-related home repair to be provided,

all of the statutory requirements have been satisfied for a grant to be issued. If we are unable to determine after reviewing the plan how the State is carrying out any of these requirements, we obtain clarification or additional information prior to release of grant funds.

If we find that a State is carrying out its program in a manner that may be inconsistent with one or more of the statutory provisions, we follow up with the State in one or more of a variety of ways:

- we point out our concern in a letter to the State and request a legal opinion supporting the State's position. This can lead to compliance action if we find the State's interpretation to be clearly erroneous.
- We schedule an on-site review in order to evaluate the State's compliance with the statutory provisions.
- We ask the State's auditor to cover the issue in the course of the audit and look to the audit resolution process to determine whether in fact the State is in compliance with the statutory provisions.

These steps may be taken independently of one another or in combination.

(11) Is an assertion of compliance by the Governor sufficient and adequate evidence of compliance for you to fund a program?

The LIHEAP statute requires that each State's annual application for funding contain certification by the chief executive officer to seventeen assurances and a plan containing descriptions or estimates regarding the State's program. We carefully review applications to determine that they are complete and in accordance with these statutory requirements. (According to the statute, HHS may not prescribe the manner in which States comply with the assurances.)

If a State's application meets these criteria, we fund the State. If we find potential compliance issues, we follow up with the State, either on that specific issue or through a full-scale program review. Any time there is a question of whether a State is complying with the statute, we reach an independent judgment as to whether the State's practice is consistent with the statute.

(12) Did you reject any program plans for 1986?

We do not make a grant award to a State unless the State's application is complete, i.e.:

- o it contains certification by the chief executive officer to the seventeen assurances in section 2605(b) of the LIHEAP statute;
- o it describes how the State will carry out the assurances of section 2605(b) for each program component - as required by section 2605(c)(1)(A);
- o it contains estimates of funds to be used by type of assistance - section 2605(c)(1)(B);
- o it provides a description of the eligibility requirements to be used for each type of assistance - section 2605(c)(1)(C); and
- o it describes weatherization and other energy related home repair to be provided - section 2605(c)(1)(D).

This year we informed 28 States that their applications were incomplete and that a grant could not be issued until we received the additional information needed to complete their plans.

In addition, 15 States provided information in their applications which required clarification in order for us to ascertain whether their applications were complete. In all instances, these clarifications were made in situations where a State provided a description for an assurance and did not specify the component to which it applied, e.g., heating, crisis, weatherization.

For example, several States provided a description for the assurance at section 2605(b)(2) relating to eligibility, but did not designate a component to which the description applied, yet other parts of the application specifically designated information for a particular component. In this instance, we asked whether the description for the assurance applied to all components. If the answer was yes, no further information was needed. If the answer was no, then eligibility information was needed for each of the components to have a complete application. This most often occurred with the assurances related to eligibility, varying benefits, vendor requirements, equitable treatment of owners and renters and non-exclusion of income eligibles, and fair hearings.

All of these States have provided the information necessary to clarify and complete their applications, and we therefore have issued grant awards to them.

(13) Did you require any State to change any substantive procedure or aspect of the program?

The statute prohibits the Secretary from prescribing the manner in which the States will comply with the provisions of section 2605(b). If, in our review of a State's application, there were substantive pieces missing which prevented us from determining that the plan was complete, as described in section 2605(c)(1), we required additional information from the State to complete its plan and receive funding.

We have reviewed each State's application for compliance with the statute. In addition, we are conducting full-scale reviews to evaluate compliance as required by section 2608 of the statute. If, as a result of these reviews, we find that a State is failing to expend funds substantially in accordance with the statute, we can withhold funds (after allowing the State an opportunity for a hearing in the State) until the State changes its practice. If we find that a State has misspent funds, we can order repayment after allowing the State an opportunity for a hearing.

(14) Have you promulgated regulations to avoid fraud and abuse as required under section 2605(b) of the 1984 amendments? Have you proposed a regulation to the Department or OMB? If yes, what is the proposal's general thrust?

We expect to issue proposed regulations in the near future. The proposed regulations have been reviewed both by the Department and OMB. The proposed regulations would require States to have in place appropriate systems and procedures to prevent waste, fraud, and abuse. We will evaluate those systems and procedures as part of the reviews conducted pursuant to section 2608 of the statute.

(15) How much of a recipient's energy bills are covered by LIHEAP payments? How much of the heating cost alone?

We estimate that the average LIHEAP heating benefit (including crisis assistance) will offset about 45 percent of the estimated average heating costs for recipient households in FY 1986. Nationally, heating costs represent about 40 percent of total residential energy costs.

(16) How much do recipients usually owe on balance after receiving LIHEAP in the Midwest or Northeast? In the U.S. as a whole? How does this compare to their income?

Our most recent data relating heating expenditures to household income show for FY 1983:

LIHEAP Households

	Balance Owed for Heat	Balance as Percent of Income	Percent of Income Offset by Benefit
U.S.	$188	3.2%	3.8%
Northeast	$420	6.5%	4.5%
Midwest	$270	4.7%	4.2%

(17) How much of the average recipient's income is spent on home energy? How does this compare to the percentage spent by the median American household?

Our most recent data relating heating expenditures to household income indicate for FY 1983 that LIHEAP households spent on the average 7 percent of their income on heat, compared to 1.6 percent for all households.

(18) The Subcommittees with jurisdiction over LIHEAP are anticipating some add-ons to State programs as a result of the U.S. v. Exxon decision. Have you reviewed the Department of Energy reports of Warner Amendment fund expenditures for LIHEAP and does your own information agree with theirs?

We have reviewed DOE reports of Warner Amendment fund expenditures for LIHEAP, and we have compared information in these reports with information gathered in our LIHEAP telephone surveys. There are some discrepancies between DOE's data and ours.

(19) Where Warner Amendment funds were used for energy assistance, can you tell us the exact purpose for which they were used? For example, how much was transferred to other block grants or used for carryover or crisis assistance?

We can identify the States which used Warner Amendment funds for energy assistance. However, there were no requirements for the States to report how Warner Amendment funds were used within the LIHEAP block grant. Therefore, from our perspective, once these funds were added to the block grant they were undistinguishable from other LIHEAP funds, with the exception that no Warner Amendment funds were to be used for administrative costs. (Based on informal conversations with States, it is our impression that the largest share of Warner funds put into LIHEAP was used for weatherization.) We will look primarily to State audits to identify any improper spending in this area.

TESTIMONY REGARDING THE REAUTHORIZATION OF THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

PRESENTED BY GOVERNOR MICHAEL S. DUKAKIS

BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON
EDUCATION AND LABOR; AND THE SUBCOMMITTEES ON FOSSIL AND
SYNTHETIC FUELS, ENERGY CONSERVATION AND POWER;
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES
FEBRUARY 27, 1986

The Low Income Home Energy Assistance Program (LIHEAP) in Massachusetts provides heating assistance and conservation services to over 150,000 households annually. We estimate that our combined FY 86 allocation of $82.7 million in federal funds, supplemented by $17 million in state funds, reaches about 65% of those households in the Commonwealth who are potentially eligible by income. I urge these Committees and the full House to act quickly to reauthorize this vital program for a minimum period of at least four years, and to continue the Block Grant approach which gives states the flexibility to design programs to meet those most in need.

I would like to address several key issues regarding LIHEAP reauthorization: 1) the need to sustain full federal funding commitment in FY 87 and beyond; 2) the continued need for Block Grant flexibility and long-term planning; 3) support for the maintenance of the current formula as the most equitable method of distribution of these funds; and, 4) ensuring that LIHEAP benefits are not counted as income in determination of other federal benefits.

The Administration has proposed level funding for LIHEAP at $2.1 billion for FY 87. At a minimum, it is crucial, given the continuing low-income need for energy assistance, to maintain this full federal commitment to funding LIHEAP. In order to guarantee heat throughout the cold winter months to our low income citizens, the Commonwealth has consistently supplemented since 1978 the federal resources for this program with its own funds. State funding at a level of $17 million has been maintained for the last four years, and will continue in FY 87, the highest state appropriation for this program in the nation. This commitment of additional state resources to LIHEAP allows us to serve 34,000 households who would go unserved if we were to rely solely on federal funding levels. Since 1982, when the Block Grant went into effect, we have seen a decline in the cost of fuel oil that allows us to maximize our scarce resources, but which in no way limits our pool of eligible clients. The need for energy assistance continues dramatically to outweigh available federal appropriations. We have consistently used 100% of our state and federal resources for heating assistance, neither transferring funds out of this Block Grant, nor carrying over funds from one fiscal year to the next.

With the pending arrival of Exxon Oil Overcharge Funds to the states, the Congress may consider lowering the appropriation for LIHEAP. To the contrary, I urge you to take action promptly that at least maintains, if not increases, the current federal funding of $2.1 billion.

While the Exxon funds do provide a source of revenue to states, they are intended to be used to provide restitution to those harmed by oil pricing practices, not to supplant general federal revenue support. If we are ever to break the cycle of dependency on federal programs, we must seek innovative and long term strategies to reduce consumption and cost of energy for our low-income households. In Massachusetts we are using our oil overcharge funds for major innovative conservation efforts that will have a long term impact on the self-sufficiency of our households - efforts that can over the long term reduce our client dependency on LIHEAP. To lower appropriation levels now as a result of the release of Exxon dollars forces states to tap those restitution dollars to stabilize the loss of federal funds, thereby forcing a cycle of sheer program maintenance instead of creating strategies that decrease our dependency. This Committee and the full Congress must not look to short-term measures of funding that reduce the states' ability to seek solutions to the cost of energy.

We appreciate the Block Grant approach in Massachusetts and believe that, with one technical change, the current LIHEAP statutory language should be maintained. States are in the best position to define low income energy needs, target resources, design service delivery mechanisms, and administer programs - the current LIHEAP statute maintains this flexibility. Since the ability to plan and implement timely services under this program must occur with the onset of the heating season, October 1 in our state, states need a long-term reauthorization of LIHEAP for a minimum period of four years so that programs will not be jeopardized by uncertainty of resources from year to year.

The Administration has also proposed a change in the LIHEAP statute that would increase state flexibility to provide conservation services as part of its LIHEAP services. Our LIHEAP program provides both immediate winter assistance in the form of oil delivery and utility service as well as more permanent weatherization services. We support this added flexibility for the LIHEAP program.

As part of the current statute, a funding formula compromise was reached in 1984 which redistributed funds from colder Northeast oil - using states to midwest and southern states which were experiencing major increases in natural gas costs. Massachusetts lost $4 million in its LIHEAP allocation in FY '86 as a result of this change, a loss we felt we could sustain only because of declining oil prices. Without the accompanying hold harmless provision, we could have lost $8 million in FY 86 alone. We believe that the current funding formula should be maintained as the most equitable and simple distribution of LIHEAP dollars. Depending on appropriation levels, an additional formula change could result in a further loss to Massachusetts of $8 - $20 million - before any Gramm/Rudman action. Clearly the Northeast has already compromised on this issue and sustained losses; further reductions to our LIHEAP allocation would seriously affect our ability to maintain heat during the cold winter months to our low income citizens to such an extent that their lives would be threatened. We cannot allow this to happen.

Finally, I would like to address the need for a technical change in the LIHEAP statute that will ensure that LIHEAP benefits are not counted as income in determining other federal low income benefits such as Food Stamps. We believe that Congress intended to provide energy assistance through this program to a needy population, and that receipt of LIHEAP benefits should not jeopardize their access to full benefits under other federal programs. The current LIHEAP statute needs language that ensures our low income households are protected.

Thank you for the opportunity to provide written testimony to this Committee. I urge your prompt action on a four year reauthorization of the LIHEAP statute with a minimum recommended appropriation level of $2.1 billion plus a marginal 3-4% inflation factor. The need for full support of this program continues as we focus on maintaining housing affordability for our low income citizens.

NATIONAL COMMUNITY ACTION FOUNDATION
2100 M STREET, N.W.
SUITE 604A
WASHINGTON, D.C. 20037

(202) 775-0223

LOW INCOME ENERGY EXPENDITURES
AND FEDERAL ASSISTANCE REQUIREMENTS

TABLE 1

PRICE

PRICE	1978	1979	1980	1981	1982	1983	1984	1985
GAS (MCF)	$2.560	$2.980	$3.680	$4.290	$5.170	$6.060	$6.120	$6.17
#2 OIL (gal)	$0.494	$0.704	$0.974	$1.194	$1.160	$1.378	$1.091	$1.03
RESID (barrel)	$12.750	$18.670	$26.090	$32.500	$29.080	$26.530	$27.770	$24.49
ELECTRICITY	$0.043	$0.046	$0.054	$0.062	$0.069	$0.072	$0.076	$0.08
PER MMBTU								
GAS	$2.49	$2.90	$3.58	$4.18	$5.03	$5.90	$5.96	$6.01
#2 OIL	$3.56	$5.08	$7.02	$8.61	$8.36	$7.77	$7.87	$7.44
RESID	$2.13	$3.11	$4.35	$5.42	$4.55	$4.42	$4.63	$4.08
ELECTRICITY	$12.60	$13.50	$15.71	$18.17	$20.11	$21.04	$22.16	$23.96

BASIC RESIDENTIAL ENERGY BUDGET
$ P.A. Per Household
(average weighted by fuel type)

	1978	1979	1980	1981	1982	1983	1984	1985
HEATING	$202.87	$244.20	$307.41	$363.45	$405.16	$440.69	$448.88	$441.53
HOT WATER	$79.30	$89.84	$108.24	$126.40	$142.18	$153.98	$159.92	$161.55
COOKING	$37.36	$41.16	$48.55	$56.30	$64.08	$69.81	$72.40	$74.30
ELECTRICITY	$128.85	$138.71	$160.23	$185.35	$205.08	$214.64	$226.00	$234.22
TOTAL	$448.37	$513.91	$624.43	$731.50	$816.49	$879.11	$906.21	$917.60

FEDERAL ENERGY ASSISTANCE AID
EXPENDITURES BY ELIGIBLE HOUSEHOLDS
$ Millions

# OF HOUSEHOLDS	[illegible]	[illegible]	15.919	19.226	[illegible]	19.364	[illegible]	[illegible]
EXPENDITURES	[illegible]	[illegible]	[illegible]	14071.0	15960.5	17462.7	20268.4	20462.4
FED ENERGY ASST	[illegible]	[illegible]	[illegible]	1853.[illegible]	1973.0	1975.[illegible]	2075.0	[illegible]
NEEDED TO HOLD HARMLESS AT [illegible] OF [illegible] INCOME	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES
Calculations and Projections of the Basic Energy Budget

Prices - Annual residential averages for 1978 through 1983 as reported in the Department of Energy's "Monthly Energy Review" were employed, except for 1983 home heating oil prices which were reported by the National Energy Information Center for only part of the year. Prices for 1984 were inflated using the EIA "Short Term Energy Outlook". All prices are in nominal prices.

Income - Income for eligible households as reported in the Department of Health and Human Services 1982 report on the Low Income Home Energy Assistance Program was employed, adjusted by the CPI for each year. Income is reported in nominal dollars.

Fuels - Piped gas electricity, #2 home heating oil and #6 residual fuel oil were the energy sources used in computing weighted average prices and consumption. The data was not adequate to permit the inclusion of Propane though it is used by low income households in substantial quantities.

Fuel Use Estimates - Heating consumption was derived from the 1981-1982 Residential Energy Consumption Survey (RECS), with consumption normalized for weather averages based on fuel type and census region. Average heating consumption for each fuel type discounting for hot water, air conditioning and cooking was employed and further discounted by 7 percent to allow for lower average consumption by poor households as reported in the 1982 HHS LIHEAP report. Hot water consumption was similarly derived. The average BTU consumption for hot water understates actual consumption by households with washing machines that make up approximately 55 percent of the eligible units.

Cooking consumption was based on average appliance usage reported in AGA *Gas Facts 1981*. Household electricity consumption is based on the use of 200KWH per month, which permits the use of a refrigerator and a few light bulbs.

Expenditures and consumption for each category of use were based on national average penetration rates for each energy source for each applicable use. All four energy sources were used for estimating heating and hot water. Electricity and gas were employed in the cooking estimate. Penetration rates were derived from RECS *Housing Characteristics 1980* and DOE's "Consumption of Fuel Oil and Kerosene, 1979".

Total consumption and expenditures by eligible households are based on the 1982 HHS estimate of 21.5 million households eligible for the program under federal standards. Income and numbers of households at or below 125 percent of poverty were taken from the Bureau of Census poverty statistics for 1983.

ASSUMPTIONS

LIHEAP eligibles	18.2 millon Households 1980 CPS annually adjusted by population growth. New HHS estimate of 22.3 million used for 1984 and 1985
Consumption	Basic Residential Energy Budget

Prepared by Eisenberg and Power
Arlington, Virginia

CASE HISTORY

Rhonda Peters
112 Second St.
Barbourville, Kentucky 40906

CASE NARRATIVE: Rhonda Peters is a female head of household who is currently raising three (3) children, ages 1 to 7 years of age, on $246.00 AFDC and $265.00 Food Stamps per month. Her husband, Rickie Peters, left the home ten months ago for Alabama, is still unemployed and according to Mrs. Peters he would probably not send any support money if he did become employed.

Currently, the Peters household rents a five room house for $175 a month. The house is not insulated, and in poor condition, due to the lack of conservation measures on the part of the landlord. The floors in the house have sunken in places enough to allow air to swirl in between the baseboards to slow the penetration of outside air. The only source of heat is electric space heaters.

Mrs. Peters did not qualify for the Low Income Energy Assistance Program (LIHEAP) because at the time the funds were being expended, she did not have a utility cut-off notice nor an energy crisis. She had been receiving financial assistance from her mother-in-law to pay electric bills for three months. Her mother-in-law can no longer afford to help her pay electric bills; due to her own increasing energy costs.

Now, a month after the LIHEAP funds have run out, Mrs. Peters is faced with a $198.00 electric bill. The utility serving Mrs. Peters is a municipal utility and not under regulation from the Public Service Commission requiring a period of arbitration nor negotiation. Mrs. Peters has received a utility cut-off notice and her electric service will be terminated at any moment, because LIHEAP funds have been exhausted and no other community resources are currently available. When her electric is disconnected, she says she will run extension cords from her mother-in-laws's home, next door, to her own to power the electric heaters. This measure will not only expose the family to danger of electrical shock, but with the home in such poor repair it will greatly increase the electric bill her mother-in-law will have to pay.

The horrid recent weather, lack of prudent heating and the inability to afford decent living conditions has only aggrevated the asthamatic condition of Mrs. Peters' youngest daughter Amanda, age 1. Another daughter, Kimberly, age 4, a Head Start enrollee, has suffered with increasing ear infections. Kimberly already has had tubes placed in her ears to allow fluid drainage, but with the extreme weather conditions of the past month and a half, the problem has become aggrevated and more predominate.

Since Amanda has been ill and suffering with asthma and bronchitis, Mrs. Peters has been forced to remain at home with her ill child. Lacking any method of transportation, she must borrow a car or have friends drop by to transport her and the children to the doctor. Fortunately, she is in possession of a medical card to pay for the medical costs.

Mrs. Peters' lack of transportation grossly affects her ability to secure gainful employment. She is desparately seeking a job, but being without a car and having a child at home who is very ill, prevents her from actively securing employment. Mrs. Peters is trying to seek her GED through the KCEOC Head Start program and with it she believes she will be able to find suitable employment.

Mrs. Peters' eldest daughter, Sally, age 7, is a second grader at a city school. Sally loves school and has not missed a day all year. According to her mother, Sally gets very upset when school is called off due to snow or other conditions and is maintaining a straight A average.

The Peters household is one of a struggling young mother with three (3) adorable children. Mrs. Peters is trying very hard to seek employment, gain her GED and maintain a secure family. She does not want to move from the neighborhood because of the fine accomplishments of her eldest daughter in a neighborhood school. Without the assistance of LIHEAP, she is unable to pay her electric bill and is now forced to meet another major obstacle.

CASE HISTORY

ESTILL JENKINS
ROUTE 1, BOX 397-AA
CORBIN, KENTUCKY 40701

CASE NARRATIVE: Estill Jenkins is a 48 year old Knox Countain married to Sylvia Jenkins, age 47 and together they have one child, Ronald, age 18.

Estill is 50% disabled from the Veterans Administration and has suffered from heart disease for a period of years. While he has applied for Social Security Disability, the Social Security Administration has turned his claim down for the last three (3) years. He has also been denied VA benefits.

Due to his disability and chronic heart condition, Estill has been unable to work for the past ten (10) years. To compound the problems of this family, Estill has also been diagnosed as having carcinoma and is terminal. Though Estill does possess a medical card, the heart and carcinoma medications exceed the benefit level and his neighbors, church and friends have been pitching in to provide his much needed medicines. Still, not all of the medical expenses are fully paid.

Sylvia is a Licensed Practical Nurse (LPN) but has not been able to secure employment in the nursing field for the past five (5) years. Any meager money they try to obtain to pay bills comes from Sylvia's labors in cleaning neighbor's homes, caring for the local elderly and odd jobs. Through these efforts, she has slipped a disc in her back and is now confined to completing only light jobs.

In order to pay utility bills, the Jenkins have been forced to sell their washer, dryer and other furniture. All this to maintain a minimal level standard of living. Though their house does contain six (6) rooms; the Jenkins, in order to conserve on electricity, live in only three (3) rooms and seal the other three (3) rooms off.

The Jenkins came to Knox County E.O.C./Community Action for the Low Income Home Energy Assistance Program and had a $79.00 utility shut off notice. Through LIHEAP, Knox County E.O.C. was able to forestall further misery for the Jenkins and paid the amount due. Since that time, the Jenkins have accrued another large utility bill and LIHEAP funds are now expended.

Ronald, the only son, is a senior at a local high school and will graduate in June. Recently, his senior class ring arrived and the notice of its arrival was sent to Sylvia Jenkins by the school. Knowing her obligation to try and pay her household expenses first, Sylvia hid the notice from her son. Obviously, he will not be able to get this most deserved memento of his high school graduation.

To further help the Jenkins, Knox County E.O.C. is taking an application for their home to be weatherized and has referred the Jenkins to the local legal aid office to appeal the decisions of the VA and Social Security Administrations. However, until these matters might be resloved, the Jenkins are forced to live off $211.00 in food stamps and the light jobs Sylvia might be able to secure.

August 19, 1982

To Whom It May Concern:

This letter is written in support of the weatherization program. Our apartment building was one project of the program, and I for one am totally thankful for it. The men did a great job very efficient. All the exposed pipes were covered, insulation blown in the walls and attic, the doors and windows were insulated and even storm windows put on where there weren't any. Since the work was completed two months ago, I've saved over four dollars on my hot water bill alone. That may not sound like much, but my resources are very limited. I know the program will help tremendously on my fuel bill this winter. It sure would be a shame if this program was cut. It's helped alot of elderly and needy people that otherwise could never afford it. and I hope it helps alot more in the future!

Mrs Emily Holmes
52 Liberty St
Montpelier, VT.
05602

Attachment 1

Patricia Hammons, Lawton, OK (Comanche County)

Ms. Hammons is a young mother with four children who is in the process of divorcing her husband. They were separated when he received orders from the Army to transfer overseas. The support that had been coming sporadically stopped coming at all. When her youngest child (18 months old) became very sick and was hospitalized, Ms. Hammons began experiencing severe financial problems. On the day she brought her baby home from the hospital, she arrived in time to find the utility company shutting off her gas and electricity. Desparate to find help, especially because her baby still had the croup, she tried to obtain assistance from welfare but couldn't because she wasn't legally divorced and her husband received an income. She tried local churches for assistance in paying her $88.19 bill, but was turned away. Because one of her children was enrolled in Head Start, she went to the Community Action Agency (Great Plains Improvement Foundation) and they were able to convince the utility to continue services until a solution was found. They too were unable to secure any outside help. Fortunately, the agency has a small amount of non-state/non-federal funds they use for emergencies and they were able to use that to pay the bill. It is not known if future situations of the same nature will occur.

Shirley Mashburn, Pitcher, OK (Ottawa County)

Ms. Mashburn, age 47, and her husband, 53, are both disabled. She was the family wage earner until about a year and a half ago when she was hurt in a car accident. The local Community Action Agency (Northeast Oklahoma CAA) has been assisting them in receiving SSI, but the couple has been put on a waiting list in the interim. They receive food stamps, and their only income comes from money she receives from collecting tin cans from roadside ditches. They qualified for a one-time LIEAP payment of $75. Their bills in November (which is not an especially cold month for Oklahoma) were $49 for gas and about $40 for electricity. The agency has written assistance for the Mashburns into their CSBG work program in the amount of approximately $500 until SSI is obtained. Last year, the Mashburns obtained some assistance from donations sent to the utility company, but this year donations have completely dried up and no help is available.

Etta Earhart, Tishomingo, OK (Johnston County)

Ms. Earhart, age 82, has been without water for over three weeks since a record cold spell left her with completely frozen water pipes. A neighbor helped her by bringing in water in gallon jugs, but the house was so cold that water left in jugs on kitchen counters soon froze too. Ms. Earhart was living in one room of her home with one gas heater for warmth. Her bill in November (again, not an unusually cold month) was $70. She receives no food stamps or SSI or LIEAP assistance. Her only income is $3300 a year she receives from the military as a result of her only son being killed during World War II. She currently has $1600 in the bank; money that represents her entire life's savings that she intends to use for burial expenses. In Oklahoma, savings in excess of $1500 disqualify people from receiving assistance from welfare. The agency will weatherize her home immediately, and is working with the Veteran's Administration to see if they can help. At this time, no solution has been found.

Attachment 1--page 2

Terry Trammell-McAlester, OK (Pittsburgh County)

A young man in his early 20's, Trammell was left a quadraplegic after a wreck which occured about six months ago. He owns his own home, and received $150 from LIEAP and state emergency assistance, which is a one-time payment. SSI is his only income. During the recent cold freeze, which saw several weeks of sub-zero temperatures, his house became so cold that his water lines froze. No further help was available. The Community Action Program (Kibois CAF) will weatherize his home on an emergency priority basis, and has obtained some food assistance through FEMA money. There is nothing to prevent this situation from reoccuring.

ENERGY ASSISTANCE PROGRAM ANALYSIS 1985-86

The following analysis describes the major problems which have occurred in this year's energy assistance program.

I. Administrative Problems - Regular Program

A. Delays in program start-up - The 1985-86 program did not begin processing applications until late October and early November. Payments were not made until late November and early December. (The 1984-85 program mailed out applications in August and early September began processing them in September and made payments in October) These delays caused serious problems for households who had been terminated during the spring and summer and were trying to have service restored before December 1. The PUC reported that 4,279 households went into the winter months without central heat.

B. Application processing delays - This year's regular program again suffered from serious delays in processing applications. The pending application rate has been up significantly all year. Utility and heating oil companies were very slow in receiving payments particularly early in the program year. The processing delays were caused by several problems including: reduced staff, a high percentage of "new" staff who were inadequately trained, and central computer problems in Harrisburg.

C. Application form problems - Applicants for the program and local County Assistance Offices have had problems implementing the new "housing-type" requirement on the application form. Applicants have three choices: single family detached, mobile home, and other. Many consumers are unfamiliar with the term "single family detached" and do not realize that it does not include a row home or a home which, although detached, contains more than one family unit.

II. Benefit Levels

Average benefits - Average benefits continue to run approximately 45-50% less, on average, than last year. Particularly hard hit are persons who heat with gas or reside in mobile homes.

III. Crisis Program

A. Delayed start-up - Like the regular program, the crisis program did not start until much later than last year with applications not being taken until November 15th in some counties and after December 1st in others. This created significant problems for persons trying to have heat related utility service restored before the winter.

B. Delays in payments - DPW has been gradually phasing in a "central payment" system for the crisis program. Under this system, local crisis providers take the application, determine eligibility, and establish the payment level however, the check is actually sent out of Harrisburg. There have been significantly delays in the payment of crisis benefits causing serious problems with many vendors particularly heating oil companies and wood providers. In previous years, crisis providers had access to their funds locally and could make payments on a timely basis. This year's delays have resulted in some vendors, particularly in rural counties, refusing to deliver in a crisis situation until they have actually received the payment.

CAMBRIA COUNTY

FY 1985 EMERGENCY ENERGY ASSISTANCE PROGRAM FACT SHEET

- Run through a contract with DPW and Cambria County Commissioners

- $167,730 (FY 85) served 1318 households. 382 applications were taken for DPW after Crisis funds spent; this was accomplished without any additional administrative monies.

- In FY 85, 24 hour service was a requirement:

  "24 hour service must be provided except where it can be verified that such services are not possible. Counties which can demonstrate that 24 hour services are not possible will be exempt from this requirement."

  Cambria County Community Action Council, Inc. provided 24 hour service through the Mainline Police.

- CCCAC operated this program each year from 1979 - 1985 with a maximum of 6 staff members. Administrative monies only covered the costs of 1 staff member. CSBG funds subsidized the other 5 staff.

- If an eligible client was out of fuel, assistance was provided in the form of a Kero-Sun heater and 5 gallons of fuel immediately. The fuel vendor was then contacted. Fuel deliveries were usually made within 24 hours of receiving client information.

- CCCAC worked with many agencies to coordinate this program:
  - County Board of Assistance
  - St. Vincent dePaul
  - Operation Touch
  - Salvation Army
  - Catholic Social Services
  - United Methodist Services
  - Dorothy Day Justice Center
  - New Day
  - Penelec
  - Peoples Natural Gas Company

FY1986 -- NO PROGRAM

- From October 1, 1985 - December 31, 1985 of the 849 calls received at our main office requiring referrals to other agencies almost 90% or 764 of the calls were regarding the Emergency Energy program. The Cambria County Hotline logged 388 Emergency Energy related calls during that same period for a total of 1152 calls in a three month period.

FUEL COMPLAINTS

Cambria County

February 11, 1986

Robert Nooner
Rear 512
Decker Avenue
Johnstown, PA. 15906
Father's Number 446-6557

Has been waiting since November to hear about LIHEAP Grant. Uses National gas has been in new residence three weeks without heat - Needs LIHEAP dollars to get gas service turned on. Has a wife and two small children in family.

His mother-in-law only received $23 on LIHEAP - small income and two children at home. Normally received $250 - $300 on LIHEAP in past.

Kathleen George
517½ Power Street
Johnstown, PA.
536-6149

Applied for LIHEAP program before Thanksgiving-haven't heard nothing from D.P.W. to this date. This is Ms. George's second termination notice for (electric). She has been calling D.P.W. to see when they are going to help her, so far she hasn't received any response. She stated that when she calls the D.P.W. office it's busy most of the time.

Peter Hamrazyak
150 Hattie Avenue
Johnstown, PA. 15906
539-8204

Applied for LIHEAP program in the early part of December. As of this date he hasn't heard anything from D.P.W. since applying. Mr. Hamrazyak has received another termination letter. (Gas bill)

NAME: ANONYMOUS

She stated that she applied for energy crisis in November 1985. She has been trying to get through on the 533-2253 number to no avail (always busy). She is out of fuel. Also, she referred a neighbor to the program in January. They have received their allottment already. She is very discouraged and in need of fuel assistance.

FEB 11, 1986

VENDER SURVEY

Luzerne and Cambria, PA

1 Ray Oil & Gas - 629 Washington Avenue, Portage - 736-3947

Amounts to small for delivery and 6 weeks until he receives his money from DPW. Overall program not running as well as CCCAC crisis program.

2 Martin Oil Co. - 528 N. 1st Street, Bellwood - 742-8438

Receive small amounts and asking customer to come up with added amount to make delivery. Will deliver 50 gallon but charge 30¢ more per gallon.

3 Merlo Coal Co, - R.D.1 Box 88a, Mineral Point - 322-1548

Amounts down from last year, so a lot of customers have to get a truck and haul their own coal.

4. Shaner Bros. - Bigler Avenue, Box 457, Spangler - 948-7510

150 gallon delivery only - 3 to 4 weeks for payment.

5 Connumah Oil - 114 Bridge Street, Johnstown - 535-8441

200 gallon minimum delivery, if anything less, charge $10.00 delivery fee. No problem with DPW.

6. Springer Oil - Carrolltown, PA - 344-8409

5 weeks for payment. Some families received twice and some families haven't received at all. Many families waiting for allocation from DPW.

7. Valenti Coal - R.D.1 Barnesboro - 948-5610

Longer getting payment.

8. Sam Albarano - 613 Willow Street, Lilly - 886-2464

People have been waiting much longer for allocation. One telephone line and people cannot get thru to DPW. Some people are getting allocation, but vendors are not receiving theirs, they are waiting longer for payment.

6. Ashbridge Oil - 335 Nees Avenue, Johnstown, PA - 266-5829.

No problems.

10 Barber Oil - Box 268 Ebensburg - 472-6770

4 to 6 weeks for payment. A lot of bookkeeping. 150 gallon crisis.

Ebensburg Oil & Gas - Box 87, Ebensburg - 472-7730

4 to 6 weeks for payment.

Hoover Oil & Gas - Box 356, Spangler - 948-6960

3 to 4 weeks for payment. Crisis money payments later than regular assistance.

H.W.Z. Coal - Box 78, Portage - 736-8292

Longer to receive payment and waiting longer for allocation.

Lanzendorfer - Box 246, Twin Rocks - 749-8511

Longer to receive payment.

COMMISSION ON
ECONOMIC
OPPORTUNITY
OF LUZERNE COUNTY, PENNSYLVANIA

A COMMUNITY ACTION AGENCY

211-213 SOUTH MAIN STREET
WILKES-BARRE, PENNSYLVANIA 18701
TELEPHONE (717) 826-0510

February 3, 1986

RECEIVED FEB 7 1986

TO: Mr. Phil McKain
Executive Director

FROM: Gene Brady, Chairman
PDACA ENERGY COMMITTEE
Gene Brady

This memo is a response to your January 31st request for information for the Coalition on Weatherization and Low Income Energy Assistance. Attached is a letter we sent to Michael Jurran, Executive Director, of the Luzerne County Assistance Office regarding problems with the Crisis Component of the LIHEAP program. The letter addresses our concerns about the situation which exists in 1986. In addition, let me outline some other concerns.

Because of the DPW lower average payment for the cash benefit component of regular LIHEAP program, the potential for a greater crisis need is extremely probable. This was illustrated by the information sent from Otto Hoffman's office which listed the average statewide payment as of January 16, 1985 being $310.93 where as the average statewide payment as of January 16, 1986 is only $176.30. This lower payment schedule is obviously an attempt to avoid running out of funds as occurred in 1985. However, there is an inherent danger in this approach. Lower payments could be sufficient if weather conditions are less severe. It appears that the Pennsylvania Department of Public Welfare is suffering from a Punxsutawney Phil Syndrome. Hoping that the ground hog will not see its shadow is not an acceptable method of predicting potential cold weather related problems. With this circumstance in mind, we would recommend that a substantial amount of any additional funds should be designated for the Crisis Component of the LIHEAP Program, in that the need for crisis payments may be far greater as a result of the lower average payments in the regular program. It is important to note as well that the amounts allocated for the crisis program in 1986 are significantly less than last year. Attached is a copy of DPW's summary dated 12-23-85 which lists the allocated amounts for the crisis program in the column farthest to the right.

As a closing consideration, the appropriation of oil-over-charge or other new funds must consider long range needs. The immediacy of the LIHEAP situation should not result in weatherization being overlooked. An equal amount of financial resources should be provided to this important energy conservation effort. By utilizing this approach we will diminish the need to pay fuel bills by reducing energy consumption of low income households.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM STATISTICS

	State-wide Jan. 16, 1986	State-wide Jan. 16, 1985	Luzerne County Jan. 10, 1986
Applications Received	344,972	396,405	14,991
Applications Approved	244,311	317,507	10,108
Applications Rejected	12,397	29,970	119
Applications Pending	88,264	48,928	4,764
Total Payments	$ 43,092,791	$ 101,262,871	$ 2,297,678
Average Benefit	$176.30	$318.93	$227.30
Rejection Rate	3.5%	8.6	.7%
Pending Rate	25.5%		31.7%
Percent of Goal	108.9%		109.6

114

[illegible]

[illegible] SUMMARY DATE [illegible]

CO	AR	APPS. PERIOD	APPS. YTD	DOLLAR PAYMENTS	YTD DOLLAR PAYMENTS	FUNDS REMAINING	FUNDS ALLOCATED
[illegible]	11	0	0	0	0	[illegible]	[illegible]
[illegible]	12	15	15	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	12	87	230	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	12	87	122	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	12	112	156	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	12	26	151	4506	[illegible]	[illegible]	[illegible]
[illegible]	12	[illegible]	99	1912	[illegible]	[illegible]	[illegible]
[illegible]	12	[illegible]	216	2201	[illegible]	[illegible]	[illegible]
[illegible]	12	0	0	0	0	[illegible]	[illegible]
[illegible]	13	12	11	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	[illegible]	195	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	58	251	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	[illegible]	230	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	[illegible]	171	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	14	0	0	0	0	[illegible]	[illegible]
[illegible]	14	62	512	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	14	1	11	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	14	17	107	6720	[illegible]	[illegible]	[illegible]
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[illegible]	14	15	52	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	[illegible]	71	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	[illegible]	174	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	9	21	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	6	21	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	0	6	[illegible]	1111	[illegible]	[illegible]
[illegible]	15	2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	[illegible]	81	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	0	0	0	[illegible]	[illegible]	[illegible]

[illegible] BY AR:

[illegible]	11	0	0	0	0	[illegible]	[illegible]
[illegible]	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATEWIDE		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

..... END REPORT .....

COMMISSION ON
ECONOMIC
OPPORTUNITY
OF LUZERNE COUNTY PENNSYLVANIA

211-213 SOUTH MAIN STREET
WILKES-BARRE PENNSYLVANIA 18701
TELEPHONE (717) [illegible]

January 7, 1986

Mr. Michael Jurnak, Executive Director
LUZERNE COUNTY BOARD OF ASSISTANCE
85 East Union Street
Wilkes-Barre, PA 18701

Dear Mike:

We have been notified by several of the vendors participating in the Crisis Program that they have not yet received payment from the Department of Public Welfare. At the present time we have forwarded 263 resolved crisis cases for payment totaling in excess of $30,000 since November 15, 1985. The delay in payment is of great concern to us because several vendors have now withdrawn from participating in the program because of these delays. These vendors, in fact, all vendors, are not in a financial position to assume the cash flow burden that this program is creating. Previously, when the Commission was responsible for paying the vendors directly, we advanced funds from other sources to ensure prompt payment in order to maintain an effective network of vendors. However, this is not possible under the present system, and we are concerned that the delays in payment will result in more participating vendor withdrawals.

I'm sure you can appreciate that at this point in the heating season we are dealing primarily with independent small businessmen, coal and fuel oil dealers and plumbers. The regulated utility customers do not face immediate service termination and are not a priority for the crisis program at this point in time. Under previous contracts in Luzerne County when the Department made payment directly it was at the end of the program year when the payments were primarily to utility companies on behalf of clients. The delays in payment in these situations would not interrupt the service to the household and the utilities are in a better financial position to absorb the delays. Small independent vendors, however, do not have the resources to continue to up-front the cost of service and wait so long for payment. They can refuse to service eligible households, and the lack of fuel can endanger the health and welfare of the occupants.

The effectiveness of the Commission's Crisis Program has always been its ability to maintain a vast network of vendors to serve all sectors of the county at all hours of the day and night. And only prompt payment from the Department can maintain this level of vendor participation. We still face weeks of severe cold weather and the lack of fuel delivery can result in life threatening situations. We seek your assistance in determining the reasons for the delays in payment and in taking steps to immediately correct this problem. You may be assured of our cooperation in these efforts.

Sincerely,

Gene Brady

Gene Brady
Executive Director

ICCAP INDIANA COUNTY COMMUNITY ACTION PROGRAM

February 3, 1986

Mr. Phil McKain, Director
PDACA
111 Locust Street, First Floor
Harrisburg, Pennsylvania 17101

Dear Mr. McKain:

The 1985-86 Low-Income Energy Assistance Program in Indiana County has left much to be desired. Many people are going without heat due to computer error, lack of client awareness and staff negligence. In many cases LIHEAP applicants were not told of the available crises funds. ICCAP had 111 phone calls in the month of January of 1986 requesting fuel assistance. Fifty-three of these callers were unaware of the Crises Program. Four callers were unaware of the LIHEAP Program.

At the beginning of the LIHEAP this season the local DPW office did not answer the phone till 1:15 p.m. each day. Due to outside pressure an answering machine has been installed which will record client messages. This is a slight improvement, however, many low-income families in Indiana County do not have telephones and must walk to a neighbor's house or pay phone to place their call.

ICCAP received three calls in January from clients who had applied for Energy Assistance in late November. They had run out of fuel and were told they would have to wait for help until their application was processed.

Many low-income households are experiencing a real crisis because of benefit cuts. One 6 person household in Indiana County received a total benefit check of $5.00 for this heating season.

ICCAP also received two calls from clients who were told they were ineligible because the head of household was now employed. The household's income was not based on the previous 12 month income even though both households had been receiving Cash Assistance prior to employment.

Another problem in Indiana County is the number of clients who dwell in mobile homes. Approximately 45% of the residents in the county live in trailers. Due to inferior manufacturing, heat loss in mobile homes is a definite problem, even with weatherization, only 12% per year fuel savings can be realized for these people. These clients have been most drastically affected by cuts in LIHEAP benefits.

With all the funding cuts to the low-income residents of Pennsylvania the mismanaged Energy Program of 1965-86 is truly another "slap-in-the-face" for these people. Lack of staff training, slow processing of applications, and computer breakdown have certainly left many low-income residents in Indiana County and throughout the state out in the cold.

Sincerely,

Pat Sweeney
Human Resource Specialist

PS/mb